91st CONGRESS 2d Session

# H. R. 17550

### IN THE SENATE OF THE UNITED STATES

December 29 (legislative day, December 28), 1970 Ordered to be printed with the amendments of the Senate numbered

## AN ACT

- To amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.
- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,
- 3 That this Act, with the following table of contents, may be
- 4 cited as the "Social Security Amendments of 1970".

### (1) TABLE OF CONTENTS

# TITLE I PROVISIONS RELATING TO OLD AGE, SURVIVORS, AND DISABILITY INSURANCE

- Sec. 101. Increase in old age, survivors, and disability insurance benefits.
- Sec. 102. Increase in benefits for certain individuals age 72 and over.
- Sec. 103. Automatic adjustment of benefits.
- See. 101. Increased widow's and widower's insurence bonefits

# TITLE I PROVISIONS RELATING TO OLD AGE, SURVIVORS, AND DISABILITY INSURANCE Continued

Sec. 105. Age-62 computation point for men.

Sec. 106. Election to receive actuarially reduced benefits in one category not to be applicable to certain benefits in other categories.

Sec. 107. Liberalization of earnings test.

Sec. 108. Exclusion of certain earnings in year of attaining age 72.

Sec. 100. Reduced benefits for widowers at age 60.

Sec. 110. Entitlement to child's insurance benefits based on disability which began between 18 and 22.

Sec. 111. Elimination of support requirement as condition of benefits for divorced and surviving divorced wives.

Sec. 112. Elimination of disability insured-status requirement of substantial recent covered work in cases of individuals who are blind.

Sec. 113. Wage credits for members of the uniformed services.

Sec. 114. Applications for disability insurance benefits filed after death of insured individual.

Sec. 115. Workmen's compensation offset for disability insurance beneficiaries.

Sec. 116. Coverage of Federal Home Loan Bank employees.

Sec. 117. Policemen and firemen in Idaho.

Sec. 118. Coverage of certain hospital employees in New Mexico.

Sec. 110. Penalty for furnishing false information to obtain social security account number.

Sec. 120. Guarantee of no decrease in total family benefits.

Sec. 121. Certain adoptions by disability and old-age insurance benefits.

Sec. 122. Increase of earnings counted for benefit and tax purposes.

Sec. 123. Automatic adjustment of the contribution and benefit mail.

Sec. 124. Changes in tax schedules.

Sec. 125. Allocation to disability insurance trust fund

# TITLE II PROVISIONS RELATING TO MEDICARE, MEDICARE, AND MATERNAL AND CHILD HEALTH

#### PART A COVERAGE UNDER MEDICARE PROGRAM

Sec. 201. Payment under medicare program to individuals covered by Federal employees health benefits program.

Sec. 202. Hospital insurance benefits for uninsured individuals not eligible under present transitional provisions.

PART B IMPROVEMENTS IN THE OPERATING EFFECTIVENESS OF THE MEDI-CARE, MEDICAID, AND MATERNAL AND CHILD HEALTH PROGRAMS

Sec. 221. Limitation on Federal participation for capital expenditures.

Sec. 222. Report on plan for prospective reimbursement; experiments and demonstration projects to develop incentives for economy in the provision of health services.

Sec. 223. Limitations on coverage of costs under medicare program.

Sec. 224. Limits on prevailing charge levels.

See. 225. Establishment of incentives for States to emphasize outpatient eare under medicaid program.

Sec. 226. Payment for services of teaching physicians under medicare program.

Sec. 227. Authority of Sceretary to terminate payments to suppliers of services.

# TITLE II PROVISIONS RELATING TO MEDICARE, MEDICALD, AND MATERNAL AND CHILD HEALTH Continued

- PART B IMPROVEMENTS IN THE OPERATING EFFECTIVENESS OF THE MEDI-CARE, MEDICAID, AND MATERNAL AND CHILD HEALTH PROGRAMS Con.
- Sec. 228. Elimination of requirement that States move toward comprehensive medicaid programs.
- Sec. 229. Determination of reasonable cost of inpatient hospital services under medicaid and maternal and child health programs.
- Sec. 230. Amount of payments where customary charges for services furnished are less than reasonable cost.
- Sec. 231. Institutional planning under medicare program.
- Sec. 232. Payments to States under medicaid programs for installation and operation of claims processing and information retrieval systems.
- Sec. 283. Advance approval of extended care and home health coverage under medicare program.
- See: 234. Prohibition against reassignment of claims to benefits.
- Sec. 235. Utilization review requirements for hospitals and skilled nursing homes under medicaid and maternal and child health programs.
- Sec. 236. Elimination of requirement that cost sharing charges imposed on individuals other than each recipients under medicaid be related to their income.
- Sec. 237. Notification of unnecessary admission to a hospital or extended care facility under medicare program.
- Sec. 238. Use of State health agency to perform certain functions under medicaid and maternal and child health programs.
- Sec. 239. Payments to health maintenance organizations.

#### PART C MISCELLANEOUS AND TECHNICAL PROVISIONS

- Sec. 251. Coverage prior to application for medical assistance.
- Sec. 252. Hospital admissions for dental services under medicare program.
- Sec. 253. Exemption of Christian Science sanatoriums from certain nursing home requirements under medicaid programs.
- Sec. 254. Physical therapy services under medicare program.
- Sec. 255. Extension of grace period for termination of supplementary medical insurance coverage where failure to pay premiums is due to good cause.
- Sec. 256. Extension of time for filing claim for supplementary medical insurance benefits where delay is due to administrative error.
- Sec. 257. Waiver of enrollment period requirements where individual's rights were prejudiced by administrative error or inaction.
- Sec. 258. Elimination of provisions preventing enrollment in supplementary medical insurance program more than three years after first opportunity.
- Sec. 259. Waiver of recovery of incorrect payments from survivor who is without fault under medicare program.
- Sec. 260. Requirement of minimum amount of claim to establish entitlement to hearing under supplementary medical insurance program.
- Sec. 261. Collection of supplementary medical insurance premiums from individuals entitled to both social security and railroad retirement benefits.

# TITLE II PROVISIONS RELATING TO MEDICARE, MEDICALD, AND MATERNAL AND CHILD HEALTH Continued

PART C MISCELLANEOUS AND TECHNICAL PROVISIONS Continued

Sec. 262. Payment for certain inpatient hospital services furnished outside the United States.

Sec. 263. Study of chiropractic coverage.

Sec. 264. Miscellaneous technical and elerical amendments.

#### TITLE III MISCELLANEOUS PROVISIONS

Sec. 301. Meaning of term "Secretary".

#### TABLE OF CONTENTS

#### TITLE I—PROVISIONS RELATING TO OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

- Sec. 101. Increase in old-age, survivors, and disability insurance benefits. ?
- Sec. 102. Increase in benefits for certain individuals age 72 and over.
- Sec. 103. Increased widow's and widower's insurance benefits.
- Sec. 104. Age-62 computation point for men.
- Sec. 105. Liberalization of earnings test.
- Sec. 106. Exclusion of certain earnings in year of attaining age 72.
- Sec. 107. Reduced benefits for widowers at age 60.
- Sec. 108. Entitlement to child's insurance benefits based on disability which began between age 18 and 22.
- Sec. 109. Disability benefits for the blind.
- Sec. 110. Wage credits for members of the uniformed services. 65
- Sec. 111. Application for disability insurance benefits filed after death of insured individual. 67
- Sec. 112. Policemen and firemen in Idaho and policemen in Missouri.
- Sec. 113. Coverage of certain hospital employees in New Mexico.
- Sec. 114. Penalty for furnishing false information to obtain social security account number. 71
- Sec. 115. Guarantee of no decrease in total family benefits. 71
- Sec. 116. Adoption by disability and old-age insurance beneficiaries. 75
  Sec. 117. Increase of earnings counted for benefit and tax purposes.
- Sec. 118. Changes in tax schedules.
- Sec. 119. Allocation to disability insurance trust fund.
- Sec. 120. Increase of amounts in trust funds available to pay costs of rehabilitation services.
- Sec. 121. Self-employment income of certain individuals temporarily living outside the United States.
- Sec. 122. Modification of agreement with Nebraska with respect to certain students and certain part-time employees.
- Sec. 123. Temporary employees of the Government of Guam.
- Sec. 124. Child benefits in case of a child entitled to such benefits on more than one wage record.
- Sec. 125. Recomputation of benefits based on combined railroad and social security earnings.
- Sec. 126. Underpayments.
- Sec. 127. Reduction from six to four months of waiting period for disability benefits.
- Sec. 128. Refund of social security tax to members of certain religious groups opposed to insurance.
- Sec. 129. Benefits for remarried widows and widowers.
- Sec. 130. Payment in certain cases of disability insurance benefits with respect to periods of disability which ended prior to 1968.
- Sec. 131. Automatic adjustment in benefits, wage base, tax rates, and earnings test.
- Sec. 132. Child's insurance benefits not to be terminated by reason of adoption of child by stepgrandparent.
- Sec. 133. Termination of coverage of registrars of voters in Louisiana.
- Sec. 134. Workmen's compensation offset for disability insurance beneficiaries.
- Sec. 135. Benefits for a child on earnings record of a grand parent.

#### TITLE II—PROVISIONS RELATING TO MEDICARE, MEDIC-AID, AND MATERNAL AND CHILD HEALTH

#### PART A-COVERAGE UNDER MEDICARE PROGRAM

Sec. 201. Payment under medicare program to individuals covered by Federal employees health benefits program.

Sec. 202. Hospital insurance benefits for uninsured individuals not eligible under present transitional provision.

Sec. 203. Inclusion of certain services by optometrists under supplementary medical insurance program.

Sec. 204. Coverage of supplies related to colostomies.

Sec. 205. Inclusion of chiropractor's services under medicare.

PART B-IMPROVEMENTS IN THE OPERATING EFFECTIVENESS OF THE MEDICARE, MEDICAID, AND MATERNAL AND CHILD HEALTH PROGRAMS

Sec. 221. Limitation on Federal participation for capital expenditures.

Sec. 222. Report on plan for prospective reimbursement; experiments and demonstration projects to develop incentives for economy in the provision of health services.

Sec. 223. Limitations on coverage of costs under medicare program.

Sec. 224. Limits on prevailing charge levels.

Sec. 225. Establishment of incentives for States to maintain adequate utilization review procedures in medicaid programs.

Sec. 226. Payment under medicare program for services of physicians rendered at a teaching hospital.

Sec. 227. Authority of Secretary to terminate payments to suppliers of services.

Sec. 228. Elimination of requirement that States move toward comprehensive medicaid programs.

Sec. 229. Determination of reasonable cost of inpatient hospital services under medicaid and maternal and child health programs.

Sec. 230. Amount of payments where customary charges for services furnished are less than reasonable cost.

Sec. 231. Institutional planning under medicare program.

Sec. 232. Payments to States under medicaid programs for installation and operation of claims processing and information retrieval systems.

Sec. 233. Payment for extended care and home health services.

Sec. 234. Prohibition against reassignment of claims to benefits.

Sec. 235. Utilization review requirements for hospitals and skilled nursing homes under medicaid and maternal and child health programs.

Sec. 236. Elimination of requirement that cost-sharing charges imposed on individuals other than cash recipients under medicaid be related to their income.

Sec. 237. Notification of unnecessary admission to a hospital or extended care facility under medicare program.

Sec. 238. Use of State health agency to perform certain functions under medicaid and maternal and child health programs.

Sec. 239. Payment to health maintenance organizations.

Sec. 240. Uniform health, safety, environmental, and staffing standards for extended care facilities and skilled nursing homes.

- Sec. 241. Simplified reimubrsement of extended care facilities.
- Sec. 242. Waiver of requirement of registered professional nurses in hospitals in rural areas.
- Sec. 243. Independent professional review in intermediate care facilities.
- Sec. 244. Direct laboratory billing of patients.
- Sec. 245. Professional standards review.

#### PART C-MISCELLANEOUS AND TECHNICAL PROVISIONS

- Sec. 251. Coverage prior to application for medical assistance.
- Sec. 252. Hospital admissions for dental services under medicare program.
- Sec. 253. Exemption of Christian Science sanatoriums from certain nursing home requirements under medicaid programs.
- Sec. 254. Physical therapy and other services under medicare program.
- Sec. 255. Extension of grace period for termination of supplementary medical insurance coverage where failure to pay premiums is due to good cause.
- Sec. 256. Extension of time for filing claim for supplementary medical insurance benefits where delay is due to administrative error.
- Sec. 257. Waiver of enrollment period requirements where individual's rights were prejudiced by administrative error or inaction.
- Sec. 258. Elimination of provisions preventing enrollment in supplementary medical insurance program more than three years after first opportunity.
- Sec. 259. Waiver of recovery of incorrect payments from survivor who is without fault under medicare program.
- Sec. 260. Requirement of minimum amount of claim to establish entitlement to hearing under supplementary medical insurance program.
- Sec. 261. Collection of supplementary medical insurance premiums from individuals entitled to both social security and railroad retirement benefits.
- Sec. 262. Payment for certain inpatient hospital services furnished outside the United States.
- Sec. 263. Miscellaneous technical and clerical amendments.
- Sec. 264. Program for determining qualifications for certain health care personnel.
- Sec. 265. Inspector General for Health Administration.
- Sec. 266. Increase in limitation on payments to Puerto Rico for medical assistance.
- Sec. 267. Establishment of priorities for screening of children under medical assistance programs.
- Sec. 268. Treatment in mental hospitals for individuals under age 21.
- Sec. 269. Inclusion under medicaid of care in intermediate care facilities.
- Sec. 270. Use of consultants for extended care facilities.
- Sec. 271. Termination of National Advisory Council on Nursing Home Administration.
- Sec. 272. Authority for Missouri to modify its medical assistance program; repeal of section 1902 (d) of the Social Security Act.
- Sec. 273. Penalties for fraudulent acts and false reporting under medicare and medicaid.
- Sec. 274. Public access to records concerning an institution's qualification.

Sec. 275. Lien in favor of United States where overpayment determined.

Sec. 276. Extension of title V to American Samoa and the Trust Territory of the Pacific Islands.

Sec. 277. Relationship between medicaid and comprehensive health care programs.

Sec. 278. Refund of excess premiums under medicare.

Sec. 279. Clarification of meaning of "physicians' services" under title
XIX.

Sec. 280. Chiropractors' services under medicaid.

Sec. 281. Provider Reimbursement Appeals Board.

Sec. 282. Limitation on adjustment or recovery of incorrect payments under the medicare program.

Sec. 283. Provide for 75 percent matching under medicaid of expenditures for professional review of skilled nursing homes and intermediate care facilities.

#### TITLE III—PROVISIONS RELATING TO WELFARE

Sec. 301. Guaranteed minimum income for recipients of old-age assistance, aid to the blind, aid to the disabled, or aid to the aged, blind, or disabled.

Sec. 302. Increase in standard of need for aged. blind, and disabled recipients.

Sec. 303. Uniform definitions of disability under titles XIV and XVI.

Sec. 304. Uniform definitions of blindness under titles X and XVI.

Sec. 305. Prohibition against imposing liens on property of the blind.

Sec. 306. Fiscal relief for States.

Sec. 320. Amendments to improve the work incentive program established under part C of title IV of the Social Security Act.

Sec. 330. Emergency assistance to needy migrant workers with families.

Sec. 340. Advisory councils for State programs of aid to families with dependent children not to be required under regulations of the Secretary.

Sec. 350. Use of social security numbers.

Sec. 360. Certain effective dates postponed if State legislature does not convene before 1972.

Sec. 361. Disregarding of financial responsibility of other persons in determining eligibility of blind individuals for aid or medical assistance.

#### TITLE IV-MISCELLANEOUS PROVISIONS

Sec. 401. Meaning of term "Secretary".

Sec. 402. Deductibility of illegal medical referral payments, etc.

Sec. 403. Required information relating to excess medicare tax payments by railroad employees.

Sec. 404. Reporting of medical payments.

Sec. 405. Appointment and confirmation of Administrator of Social and Rehabilitation Services.

Sec. 406. Advisory Council on Social Security; change in reporting date.

Sec. 407. Disregarding of social security increases under welfare programs.

Sec. 408. Acceptance of money gifts made unconditionally to the Social Security Administration.

- Sec. 409. Loans to enable certain facilities to meet requirements of Life Safety Code.
- Sec. 410. Retirement income credit.
- Sec. 411. Tax credit for certain expenses incurred in work incentive programs.
- Scc. 412. Change in Executive Schedule—Commissioner of Social Security.
- Sec. 413. Private pension benefits that decrease by reason of social security increases.

#### 1 TITLE I—PROVISIONS RELATING TO OLD-AGE,

- 2 SURVIVORS, AND DISABILITY INSURANCE
- 3 INCREASE IN OLD-AGE, SURVIVORS, AND DISABILITY
- 4 INSURANCE BENEFITS
- 5 Sec. 101. (a) Section 215 (a) of the Social Security
- 6 Act is amended by striking out the table and inserting in lieu
- 7 thereof the following:

**(2)** 

	"TAF	BLE FOR DETER		MILY BENE		MOUNT ANI	
ı		I	11	п	п	īv	v
	(Primary insura 1939 Act, a	nce benefit under s modified)	(Primary insurance amount under 1969 Act)	(Average mo	onthly wage)	(Primary insurance amount)	(Maximum family benefits)
	If an individual's benefit (as determ (d)) is—	primary insurance ined under subsec.	Or his primary	Or his aver wage (as under subs	determined	The amount referred to	And the maximum amount of benefits
	At least—	But not more than—	insurance amount (as determined under subsec. (c)) is—	At least—	But not more than—	in the preceding paragraphs of this subsection shall be—	payable (as provided in sec. 203(a)) on the basis of his wages and self- employment income shall be—
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# "TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

MA	MAXIMUM FAMILY BENEFITS—Continued				
"I (Primary insurance benefit un 1939 Act, as modified)	der (Primary insurance amount under 1969 Act)		onthly wage)	(Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurbenefit (as determined under su (d)) is—	or his primary	wage (as	rage monthly determined ec. (b)) is—	The amount referred to	And the maximum amount of benefits
At not nore than—	insurance amount (as determined under subsec. (c)) is—	At least—	But not more than—	in the preceding paragraphs of this subsection shall be—	payable (as provided in sec. 203(a)) on the basis of his wages and self- employment income shall be—
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# "TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

		MARINOM PAMEDI DEPORTE OUNCEURO				
"]		п	11	I	īV	v
(Primary insurance benefit under 1939 Act, as modified)		(Primary Insurance amount under 1969 Act)	nsurance amount (Average monthly wage) under		(Primary insurance amount)	(Maximum family benefits)
If an individual's penefit (as determined) is—		Or his primary insurance	Or his aver wage (as under subse	determined	The amount referred to in the	And the maximum amount of benefits payable (as
At least—	But not more than—	amount (as determined under subsec. (c))	At least—	But not more than—	preceding paragraphs of this subsection shall be—	provided in sec. 203(a)) on the basis of his wages and self- employment income shall be—
		\$198. 90 200. 30 201. 50 202. 80 204. 20 205. 40 206. 70 208. 00 210. 60 211. 90 213. 30 214. 50 215. 80 217. 20 218. 40 219. 70 220. 80 222. 10 224. 30 225. 40 225. 40 225. 40 225. 40 225. 40 225. 40 226. 60 227. 70 228. 90 230. 00 231. 20 232. 30. 233. 50 234. 60 235. 80 236. 90 238. 10 239. 20 240. 40 241. 50 242. 70 243. 80 246. 10 247. 30 246. 10 247. 30 248. 40 249. 60 250. 70	\$479 483 483 483 493 497 502 507 511 516 521 525 530 535 539 544 557 561 564 568 671 875 589 592 596 690 600 613 617 621 622 633 638 642 649 651 656 661 661 671 676 681 696 691 696 691 700 706 7711 716 7721 7726 7331 736 741 746	\$482 487 492 496 501 506 510 515 520 524 529 534 538 543 548 553 556 560 563 567 574 577 574 577 574 577 574 577 574 677 605 605 605 605 606 623 637 641 644 644 644 655 660 665 660 665 660 665 660 665 660 665 660 665 670 670 671 671 672 673 674 677 677 677 677 677 677 677	\$208. 90 210. 40 211. 60 213. 00 214. 50 215. 70 217. 10 218. 40 221. 20 222. 20 222. 50 224. 00 225. 30 226. 60 223. 10 220. 40 230. 70 231. 90 233. 10 234. 30 235. 60 236. 70 231. 90 233. 10 240. 40 247. 60 248. 80 244. 40 247. 60 248. 80 244. 40 247. 60 255. 50 255. 50 255. 50 255. 50 255. 50 255. 50 255. 50 255. 50 255. 50 255. 50 255. 50 255. 50 255. 50 255. 50 255. 50 255. 50 256. 00 257. 00 258. 00 268. 00 269. 00 270. 00 271. 00 272. 00 273. 00 274. 00 275. 00 276. 00 277. 00 278. 00 279. 00 281. 00 282. 00 283. 00 283. 00	\$367. 20 369. 20 371. 20 372. 80 371. 80 374. 80 375. 80 378. 40 382. 40 384. 00 385. 00 385. 00 385. 00 385. 60 395. 60 395. 60 395. 60 401. 20 404. 00 405. 20 406. 80 409. 60 411. 80 411. 80 411. 20 414. 40 415. 20 422. 40 423. 60 429. 20 429. 20 429. 20 420. 40 421. 60 422. 40 423. 60 423. 60 423. 60 423. 60 424. 60 425. 20 425. 20 425. 20 425. 40 426. 40 446. 40 446. 40 446. 40 446. 40 446. 40 446. 40 446. 40 446. 40 446. 40 446. 40 466. 40 466. 40 472. 40 474. 40"

# "TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

"I	II (Primary	II	I	IV	V
(Primary insurance benefit under 1939 Act, as modified)	insurance amount under 1969 Act)	(Average mo	nthly wage)	(Primary insurance amount)	(Maximum family benefits)
f an individual's primary insurance benefit (as determined under subsec. (d)) is—	Or his primary	Or his average (as determin sec. (b)) is—	ed under sub-	The amount referred to in the	And the maximum amount of benefits
At not not lcast— than—	insurance amount (as determined under subsec. (c)) is—	At least—	But not more han—	in the preceding paragraphs of this subsection shall be—	payable (as provided in scc. 205 (a)) on the basis of his waged and self- employmen income shall be—
\$26.95 27.46 27.47 28.01 28.01 28.69 29.26 29.26 29.28 30.37 30.93 31.56 31.37 32.00 32.01 32.60 33.21 33.20 33.21 33.88 33.89 34.60 34.51 35.01 35.80 35.81 36.40 37.08 37.09 37.00 37.00 37.01 38.20 39.12 39.13 39.68 39.13 39.68 41.17 42.44 41.12 41.13 41.77 42.44 42.45 43.21 43.77 44.44 44.48 44.48	\$90.60 or less \$1.90 \$91.90 \$93.80 \$94.70 96.20 \$97.60 98.80 100.30 101.70 103.00 104.50 110.60 110.60 111.40 112.70 114.20 115.60 116.90 118.40 119.80 121.50 122.50 123.30 124.70 128.20 129.50 130.80 131.3,70 134.90 137.80 134.90 144.70 144.70 144.70 145.60 166.60 166.60 166.60 166.60 166.60 166.60 166.60 166.60 166.60 166.60 166.60 166.60 166.60 167.50 175.90 175.90 175.90 175.40 182.00 183.40 164.50 165.60 166.60 166.60 166.60 166.60 166.60 166.60 167.50 177.50 178.20 179.40 180.70 182.00 183.40 184.60 169.80 169.80 171.30 175.90 175.40 188.70 188.70 188.70 188.70 188.70 188.70 188.70 188.70 188.70 188.70 188.70 188.70 188.70 189.70 1995.00 1996.40 1998.90 1998.90 200.30	\$114 119 128 133 137 142 147 141 156 161 165 170 176 177 178 184 189 194 198 208 208 212 217 222 226 231 227 228 236 245 250 254 254 259 268 278 282 287 287 287 287 287 287 287 28	\$113 118 1122 1127 1132 1136 1141 1146 1150 1151 1160 1151 1160 1161 1178 1183 1183 1197 202 201 211 221 225 230 235 244 245 255 268 267 277 281 281 286 291 295 300 305 509 314 319 323 333 342 347 351 356 361 365 376 377 384 389 389 389 389 389 389 389 3898 398 39	\$100.00 101.10 102.70 104.20 105.90 107.30 110.40 1111.40 1113.50 1115.00 116.40 118.00 122.60 122.60 122.60 122.60 124.50 127.20 128.60 150.50 151.80 151.80 151.80 151.80 151.80 151.80 151.80 152.60 150.50 151.80 151.80 152.70 152.70 152.70 152.70 152.70 152.70 152.70 152.70 152.70 152.70 153.80 154.80 157.90 157.90 159.20 157.90 159.2	\$150.00 161.70 164.10 165.50 168.90 161.00 165.50 167.00 172.50 177.00 172.50 174.60 177.00 178.80 188.60 189.80 189.70 1

#### "TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

"I		II	I.	II	IV	V
(Primary insurance benefit under 1939 Act, as modified)		(Primary insurance amount under 1959 Act)	(Average mo	onthly wage)	(Primary insurance amount)	(Maximum family benefits)
If an individual's printenance (d) is—	mary insurance d under subsec.	Or his primary		monthly wage ned under sub-	The amount referred to	And the maximum amount of benefits
At least—	Bul not more than—	insurance amount (as determined under subsec. (c)) is—	Al least—	But not more than—	in the preceding paragraphs of this subsection shall be—	payable (as provided in sec. 203(a)) on the basis of his wages and self- employment income shall be—
		\$201. 50 202. 80 204. 20 205. 40 206. 70 208. 80 211. 90 225. 40 225. 40 225. 40 225. 90 235. 90 235. 90 235. 90 231. 90 231. 90 241. 50 241. 50 241. 50 241. 70 242. 80 245. 00 246. 10 247. 30 248. 40 249. 60 250. 70	\$488 493 497 507 507 511 516 521 525 530 544 549 564 564 568 571 675 678 688 699 603 610 611 624 628 638 642 642 643 651 666 661 666 661 666 671 671 67	\$492 496 501 506 510 515 524 524 524 538 548 548 548 560 563 567 570 571 581 584 588 581 595 598 609 612 616 620 623 627 630 644 644 648 653 650 665 670 675 580 665 670 675 580 685 685 685 690 612 616 620 623 627 630 631 644 648 648 659 670 675 580 665 670 670 675 580 665 670 670 675 580 685 685 685 685 685 685 685 686 670 670 675 580 685 685 685 685 685 685 685 685	\$221. 70 223. 10 224. 70 225. 60 227. 40 228. 80 230. 30 231. 70 233. 10 234. 70 235. 10 234. 70 237. 40 239. 00 240. 30 241. 70 242. 90 244. 50 246. 80 246. 80 246. 80 247. 80 251. 80 255. 60 256. 70 256. 70 256. 70 257. 80 257. 80 277.	\$408. 40 410. 10 412. 30 414. 50 416. 30 418. 50 420. 70 422. 40 424. 60 426. 80 433. 80 433. 90 435. 20 438. 50 438. 50 441. 40 442. 70 444. 70 445. 80 451. 90 461. 20 462. 90 464. 70 465. 80 461. 20 467. 80 469. 40 469. 70 469. 40 469. 40 469. 40 469. 40 469. 40 469. 40 469. 40 469. 70 469.

1	(b) Section 203 (a) of such Act is amended by striking
2	out paragraph (2) and inserting in lieu thereof the following:
3	"(2) when two or more persons were entitled
4	(without the application of section 202 (j) (1) and
5	section 223 (b)) to monthly benefits under section 202
6	or 223 for January 1971 on the basis of the wages and
7	self-employment income of such insured individual and
8	at least one such person was so entitled for December
9	1970 on the basis of such wages and self-employment
0	income, such total of benefits for January 1971 or any
1	subsequent month shall not be reduced to less than the
2	larger of—
3	"(A) the amount determined under this sub-
4	section without regard to this paragraph, or
5	"(B) an amount equal to the sum of the

amounts derived by multiplying the benefit amount determined under this title (including this subsection, but without the application of section 222 (b), section 202 (q), and subsections (b), (c), and (d) of this section), as in effect prior to the enactment of the Social Security Amendments of 1970, for each such person for such (3) monuth month, by (4) 105 110 percent and raising each such increased amount, if it is not a multiple of

\$0.10, to the next higher multiple of \$0.10;

- 1 but in any such case (i) paragraph (1) of this subsec-
- tion shall not be applied to such total of benefits after the
- application of subparagraph (B), and (ii) if section.
- 4 202 (k) (2) (A) was applicable in the case of any such
- 5 benefits for January 1971, and ceases to apply after
- 6 such month, the provisions of subparagraph (B) shall
- 7 be applied, for and after the month in which section
- 8 202 (k) (2) (A) ceases to apply, as though paragraph
- 9 (1) had not been applicable to such total of benefits for
- 10 January 1971, or".
- (c) Section 215 (b) (4) of such Act is amended by
- 12 striking out "December 1969" each time it appears and
- inserting in lieu thereof "December 1970".
- 14 (d) Section 215 (c) of such Act is amended to read as
- 15 follows:
- 16 "Primary Insurance Amount Under 1969 Act
- "(c) (1) For the purposes of column II of the table
- 18 appearing in subsection (a) of this section, an individual's
- 19 primary insurance amount shall be computed on the basis of
- 20 the law in effect prior to the enactment of the Social Security
- 21 Amendments of 1970.
- 22 "(2) The provisions of this subsection shall be applicable
- 23 only in the case of an individual who became entitled to bene-
- 14 fits under section 202 (a) or section 223 before January
- 1971, or who died before such month."

- 1 (e) The amendments made by this section shall apply
- 2 with respect to monthly benefits under title II of the Social
- 3 Security Act for months after December 1970 and with re-
- 4 spect to lump-sum death payments under such title in the
- 5 case of deaths occurring after December 1970.
- 6 (f) If an individual was entitled to a disability insur-
- 7 ance benefit under section 223 of the Social Security Act
- 8 for December 1970 and became entitled to old-age insurance
- 9 benefits under section 202 (a) of such Act for January 1971,
- 10 or he died in such month, then, for purposes of section 215
- 11 (a) (4) of the Social Security Act (if applicable), the
- 12 amount in column IV of the table appearing in such section
- 13 215 (a) for such individual shall be the amount in such col-
- 14 umn on the line on which in column II appears his primary
- 15 insurance amount (as determined under section 215 (c) of
- 16 such Act) instead of the amount in column IV equal to the
- 17 primary insurance amount on which his disability insurance
- 18 benefit is based.
- 19 INCREASE IN BENEFITS FOR CERTAIN INDIVIDUALS
- 20 AGE 72 AND OVER
- 21 Sec. 102. (a) (1) Section 227 (a) of the Social Secu-
- 22 rity Act is amended by striking out "\$46" and inserting in
- 23 lieu thereof "\$48.30", and by striking out "\$23" and in-
- 24 serting in lieu thereof "\$24.20".

1	(2) Section 227 (b) of such Act is amended by striking
2	out "\$46" and inserting in lieu thereof "\$48.30".
3	(b) (1) Section 228 (b) (1) of such Act is amended by
4	striking out "\$46" and inserting in lieu thereof "\$48.30".
5	(2) Section 228 (b) (2) of such Act is amended by
6	striking out "\$46" and inserting in lieu thereof "\$48.30",
7	and by striking out "\$23" and inserting in lieu thereof
8	"\$24.20".
9	(3) Section 228(c)(2) of such Act is amended by
U	striking out "\$23" and inserting in lieu thereof "\$24.20".
1	(4) Section 228(c)(3)(A) of such Act is amended
12	by striking out "\$46" and inserting in lieu thereof "\$48.30".
13	(5) Section 228 (c) (3) (B) of such Act is amended
14	by striking out "\$23" and inserting in lieu thereof "\$24.20".
15	(c) The amendments made by subsections (a) and (b)
16	shall apply with respect to monthly benefits under title II
17	of the Social Security Act for months after December 1970.
18	(5) AUTOMATIC ADJUSTMENT OF BENEFITS
19	SEC. 103. (a) Section 215 of the Social Security Act
20	is amended by adding at the end thereof the following new
21	subsection:
22	"Cost of Living Increases in Benefits
23	"(i) (1) For purposes of this subsection
24	"(A) the term 'base quarter' means the period of
25	3 consecutive calendar months ending on September 30,

1 1971, and the period of 3 consecutive calendar months
2 ending on September 30 of each year thereafter.

"(B) the term 'cost of living computation quarter' means any base quarter in which the monthly average of the Consumer Price Index prepared by the Department of Labor exceeds, by not less than 3 per centum, the monthly average of such Index in the later of (i) the 3 calendar month period ending on September 30, 1971, or (ii) the base quarter which was most recently a cost of living computation quarter.

"(2) (A) If the Secretary determines that a base quarter in a calendar year is also a cost of living computation quarter, he shall, effective for January of the next calendar year, increase the benefit amount of each individual who for such month is entitled to benefits under section 227 or 228, and the primary insurance amount of each other individual as specified in subparagraph (B) of this paragraph, by an amount derived by multiplying such amount (including each such individual's primary insurance amount or benefit amount under section 227 or 228 as previously increased under this subparagraph) by the same percentage (rounded to the next higher one tenth of 1 percent if such percentage is an odd multiple of .05 of 1 percent and to the nearest one-tenth of 1 percent in any other case) as the percentage by which the monthly average of the Consumer Price Index

- 1 for such cost-of-living computation quarter exceeds the
- 2 monthly average of such Index for the base quarter deter-
- 3 mined after the application of clauses (i) and (ii) of para-
- 4 graph (1) (B).
- 5 "(B) The increase provided by subparagraph (A) with
- 6 respect to a particular cost of-living computation quarter
- 7 shall apply in the case of monthly benefits under this title
- 8 for months after December of the calendar year in which
- 9 occurred such cost of living computation quarter, based on
- 10 the wages and self-employment income of an individual who
- 11 became entitled to monthly benefits under section 202, 223,
- 12 227, or 228 (without regard to section 202 (j) (1) or section
- 13 223 (b) , or who died, in or before December of such cal-
- 14 endar year.
- 15 "(C) If the Secretary determines that a base quarter
- 16 in a calendar year is also a cost of living computation quarter,
- 17 he shall publish in the Federal Register on or before Decem-
- 18 ber 1 of such calendar year a determination that a benefit
- 19 increase is resultantly required and the percentage thereof.
- 20 He shall also publish in the Federal Register at that time
- 21 (along with the increased benefit amounts which shall be
- 22 deemed to be the amounts appearing in sections 227 and
- 23 228) a revision of the table of benefits contained in subsec-
- 24 tion (a) of this section (as it may have been revised previ-
- 25 ously pursuant to this paragraph); and such revised table

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1	shall be deemed to be the table appearing in such subsection
2	(a). Such revision shall be determined as follows:
3	"(i) The headings of the table shall be the same as
4	the headings in the table immediately prior to its revi-
5	sion, except that the parenthetical phrase at the begin-
6	ning of column H shall show the effective date of the
7	primary insurance amounts set forth in column IV of
8	the table immediately prior to its revision.
9	"(ii) The amounts on each line of column I, and
10	the amounts on each line of column III except as other
11	wise provided by clause (v) of this subparagraph, shall
12	be the same as the amounts appearing in such column
13	in the table immediately prior to its revision.
14	"(iii) The amount on each line of column II shall
15	be changed to the amount shown on the corresponding
16	line of column IV of the table immediately prior to its
17	revision.
18	"(iv) The amount of each line of column IV shall
19	be increased from the amount shown in the table im-
20	mediately prior to its revision by increasing such amount
21	by the percentage specified in subparagraph (A) of

25 "(v) If the contribution and benefit base (as

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paragraph (2), raising each such increased amount, if

not a multiple of \$0.10, to the next higher multiple of

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defined in section 230 (b)) for the calendar year in which the table of benefits is revised is lower than such base for the following calendar year, columns III, IV and V shall be extended. The amount in the first additional line in column IV shall be the amount in the last line of such column as determined under clause (iv); plus \$1:00, rounding such increased amount (if not a multiple of \$1.00) to the next higher multiple of \$1.00 where such increased amount is an odd multiple of \$0.50 and to the nearest multiple of \$1.00 in any other case. The amount on each succeeding line of column IV shall be the amount on the preceding line increased by \$1.00, until the amount on the last line of such column is equal to the larger of (I) one thirty-sixth of the contribution and benefit base for the calendar year following the calendar year in which the table of benefits is revised or (II) the last line of such column as determined under clause (iv) plus 20 percent of one-twelfth of the excess of the contribution and benefit base for the calendar year following the ealendar year in which the table of benefits is revised over such base for the calendar year in which the table of benefits is revised, rounding such amount (if not a multiple of \$1.00) to the next higher multiple of \$1.00 where such amount is an odd multiple of \$0.50 and to the nearest multiple of \$1.00 in any other case.

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The amount in each additional line of column III shall be determined so that the second figure in the last line of column III is one-twelfth of the contribution and benefits base for the calendar year following the calendar year in which the table of benefits is revised, and the remaining figures in column III shall be determined in consistent mathematical intervals from column IV. The second figure in the last line of column III before the extension of the column shall be increased to a figure mathematically consistent with the figures determined in accordance with the preceding sentence. The amount on each line of column V shall be increased, to the extent necessary, so that each such amount is equal to 40 percent of the second figure in the same line of column III, plus 40 percent of the smaller of (I) such second figure or (II) the larger of \$450 or 50 per centum of the largest figure in column III.

"(vi) The amount on each line of column V shall be increased, if necessary, so that such amount is at least equal to one and one-half times the amount shown on the corresponding line in column IV. Any such increased amount that is not a multiple of \$0.10 shall be increased to the next higher multiple of \$0.10."

(b) Section 203 (a) of such Act (as amended by section 101 (b) of this Act) is amended

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(1) by striking out the period at the end of paragraph (3) and inserting in lieu thereof ", or ", and inserting after paragraph (3) the following new paragraph:

"(4) when two or more persons are entitled (without the application of section 202(j) (1) and section 223 (b) to monthly benefits under section 202 or 223 for December of the calendar year in which occurs a cost-of-living computation quarter (as defined in section 215(i) (1)) on the basis of the wages and selfemployment income of such insured individual, such total of benefits for the month immediately following shall be reduced to not less than the amount equal to the sum of the amounts derived by increasing the benefit amount determined under this title (including this subsection, but without the application of section 222(b), section 202 (q), and subsections (b), (c), and (d) of this section) as in effect for such December for each such person by the same percentage as the percentage by which such individual's primary insurance amount (including such amount as previously increased) is inereased under section 215(i)-(2) for such month immediately following, and raising each such increased amount (if not a multiple of \$0.10) to the next higher multiple of \$0.10."; and

1	(2) by striking out "the table in section 215 (a)"
2	in the matter preceding paragraph (1) and inserting in
3	lieu thereof "the table in (or deemed to be in) section
4	215 (a) ".
5	(e)-(1) Section 215 (a) of such Act is amended by strik-
6	ing out the matter which precedes the table and inserting in
7	lieu thereof the following:
8	"(a) The primary insurance amount of an insured in-
9	dividual shall be the amount in column IV of the following
0.	table, or, if larger, the amount in column IV of the latest
1	table deemed to be such table under subsection (i)-(2)-(C)
2	or section 230 (c), determined as follows:
.3	"(1) Subject to the conditions specified in sub-
4	sections (b), (c), and (d) of this section and except
.5	as provided in paragraph (2) of this subsection, such
6	primary insurance amount shall be whichever of the
7	following amounts is the largest:
8	"(i) The amount in column IV on the line on
9	which in column III of such table appears his aver-
20	age monthly wage (as determined under subsection
21	<del>(b)-) ;</del>
22	"(ii) The amount in column IV on the line on
23	which in column II of such table appears his pri-
24	mary insurance amount (as determined under sub-
25	section (c)): or

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"(iii) The amount in column IV on the line on which in column I of such table appears his primary insurance benefit (as determined under subsection (d)).

"(2) In the case of an individual who was entitled to a disability insurance benefit for the month before the month in which he died, became entitled to oldage insurance benefits, or attained age 65, such primary insurance amount shall be the amount in column IV which is equal to the primary insurance amount upon which such disability insurance benefit is based, except that, if such individual was entitled to a disability insurance benefit under section 223 for the month before the effective month of a new table tother than a table provided by section 230) and in the following month became entitled to an old-age insurance benefit, or he died in such following month, then his primary insurance amount for such following month shall be the amount in column IV of the new table on the line on which in column H of such table appears his primary insurance amount for the month before the effective month of the table (as determined under subsection (c)) instead of the amount in column IV equal to the primary insurance amount on which his disability insurance benefit is based."

1	(2) Effective January 1, 1973, section 215 (b) (4) of
2	such Act (as amended by section 101 (c) of this Act) is
3	amended to read as follows:
4	"(4) The provisions of this subsection shall be appli-
5	cable only in the case of an individual
6	"(A) who becomes entitled in or after the effec-
7	tive month of a new table that appears in (or is deemed
8	by subsection (i) (2) (C) or section 230 (c) to appear
9	in) subsection (a) to benefits under section 202 (a) or
0	section 223; or
1	"(B) who dies in or after such effective month
<b>2</b> 6	without being entitled to benefits under section 202 (a)
13	or section 223; or
4	"(C) whose primary insurance amount is required
15	to be recomputed under subsection (f)-(2).".
16	(3) Effective January 1, 1973, section 215 (c) of
17	such Act (as amended by section 101 (d) of this Act) is
18	amended to read as follows:
19	"Primary Insurance Amount Under Prior Provisions
20	"(c)-(1) For the purposes of column II of the table
21	that appears in (or is deemed to appear in) subsection (a)
22	of this section, an individual's primary insurance amount
23	shall be computed on the basis of the law in effect prior to
24	the effective month of the latest such table.

"(2) The provisions of this subsection shall be appli-

1	eable only in the case of an individual who became entitled
2	to benefits under section 202 (a) or section 223, or who died
3	before such effective month."
4	(d) Sections 227 and 228 of such Act (as amended
5	by section 102 of this Act) are amended by striking ou
6	"\$48.30" wherever it appears and inserting in lieu thereo
7	"the larger of \$48.30 or the amount most recently estab
8	lished in lieu thereof under section 215 (i)", and by strik
9	ing out "\$24.20" wherever it appears and inserting in lieu
0	thereof "the larger of \$24.20 or the amount most recently
1	established in lieu thereof under section 215(i)".
2	INCREASED WIDOW'S AND WIDOWER'S INSURANCE
3	BENEFITS
4	SEC. (6)104 103. (a) (7)(1) Section 202 (e) of the
.5	Social Security Security Act is amended—
.6	(8)(1) by striking out "821 percent of" wherever
7	it appears in paragraphs (1) and (2); and
.8	(A) by striking out " $82\frac{1}{2}$ percent of the primary
9	insurance amount of such deceased individual" wherever
20	it appears in paragraph (1) and inserting in lieu there
21	of "the amount of the widow's insurance benefit (a
22	determined under paragraph (2)) of such widow or
23	surviving divorced wife"; and
24	(B) by striking out subparagraph (C) of para-
25	graph (1) and inserting in lieu thereof the following

new subparagraph:

1	"(C)(i) has filed application for widow's insur-
2	ance benefits, or (ii) was entitled, on the basis of the
3	wages and self-employment income of such individual,
4	to—
5	"(I) mother's insurance benefits for the month
6	preceding the month in which she attained age 65, or
7	"(II) wife's insurance benefits for the month
8	preceding the month in which he died, but only if
9	in such preceding month she had attained the age
10	of 65 or was not entitled to benefits under subsec-
11	tion (a) or section 223,";
12	(9)(2)(C) by striking out "age 62" (10)in sub-
13	paragraphs (C) (i) and (C) (ii) of paragraph (1), and
14	in the matter following subparagraph (G) in paragraph
15	(1), and inserting in lieu thereof (11)in each instance
16	"age 65".
17	(12)(2) Paragraph (2) of section 202(e) of such Act is
18	amended to read as follows:
19	"(2)(A) Except as provided in subsection (q), para-
20	graph (4) of this subsection, and subparagraph (B) of this
21	paragraph, such widow's insurance benefit for each month
22	shall be equal to the primary insurance amount of such de-
23	ceased individual.
24	"(B) If the deceased individual (on the basis of whose
25	wages and self-employment income a widow or surviving
26	divorced wife is entitled to widow's insurance benefits under

1	this subsection) was, at any time, entitled to an old-age insur-
2	ance benefit, which was reduced by reason of the application
3	of subsection (q), the widow's insurance benefit of such widow
4	or surviving divorced wife for any month shall, if the amount
5.	of the widow's insurance benefit of such widow or surviving
6	divorced wife (as determined under subparagraph (A) and
7	after application of subsection $(q)$ ) is greater than the amount
8	of the old-age insurance benefit to which such deceased individ-
9	ual would have been entitled (after application of subsection
10	(q)) for such month if such individual were still living,
11	be reduced to an amount equal to the amount of the old-age
12	insurance benefit to which such deceased individual would
13	have been entitled (after application of subsection (q)) for
14	such month if such individual were still living.
15	(b) (13)(1) Section 202 (f) of such Act is amended—
16	(14)(1) by striking out "82½ percent of" wherever it
17	appears in paragraphs (1) and (3);
18	(A) by striking out " $82\frac{1}{2}$ percent of the primary
19	insurance amount of his deceased wife" wherever it ap-
20	pears in paragraph (1) and inserting in lieu thereof "the
21	amount of the widower's insurance benefit (as deter-
22	mined under paragraph (3)) of such widower";
23	(B) by striking out subparagraph (C) of para-
24	graph (1), and inserting in lieu thereof the following

 $new\ subparagraph$ :

"(C)(i) has filed application for widower's insur-1 ance benefits or (ii) was entitled to husband's insurance 2 benefits, on the basis of the wages and self-employment 3 4 income of such individual, for the month preceding the 5 month in which she died, but only if in such preceding 6 month he had attained the age of 65 or was not entitled to benefits under subsection (a) or section 223,"; and 7 8 (15)(2) by inserting ", after attainment of age 65," 9 after "was entitled" in paragraph (1) (C); and 10 (16)(3)(C) by striking out "age 62" in the matter fol-11 lowing subparagraph (G) in paragraph (1) and insert-12 ing in lieu thereof "age 65". 13 (17)(2) Paragraph (3) of section 202(f) of such Act is 14 amended to read as follows: "(3)(A) Except as provided in subsection (q), para-15 graph (4) of this subsection, and subparagraph (B) of this 16 17 paragraph, such widower's insurance benefit for each month 18 shall be equal to the primary insurance amount of his de-19 ceased wife. "(B) If the deceased wife (on the basis of whose 20 wages and self-employment income a widower is entitled to 21 22 widower's insurance benefits under this subsection) was, at 23 any time, entitled to an old-age insurance benefit which was reduced by reason of the application of subsection (q), the 24

- 1 widower's insurance benefit of such widower for any month
- 2 shall, if the amount of the widower's insurance benefit of
- 3 such widower (as determined under subparagraph (A) and
- 4 after application of subsection (q)) is greater than the
- 5 amount of the old-age insurance benefit to which such deceased
- 6 wife would have been entitled (after application of subsection
- 7 (q)) for such month if such wife were still living, be reduced
- 8 to an amount equal to the amount of the old-age insurance
- 9 benefit to which such deceased wife would have been entitled
- 10 (after application of subsection (q)) for such month if such
- 11 wife were still living.
- (c) (1) The last sentence of section 203 (c) of such Act
- 13 is amended by striking out all that follows the semicolon and
- 14 inserting in lieu thereof the following: "nor shall any de-
- duction be made under this subsection from any widow's
- insurance benefit for any month in which the widow or sur-
- viving divorced wife is entitled and has not attained age 65
- 18 (but only if she became so entitled prior to attaining age
- 19 60), or from any widower's insurance benefit for any month
- 20 in which the widower is entitled and has not attained age 65
- 21 (but only if he became so entitled prior to attaining age
- <sup>22</sup> 62)."
- (2) Clause (D) of section 203 (f) (1) of such Act is
- 24 amended to read as follows: "(D) for which such individual
- 25 is entitled to widow's insurance benefits and has not attained

- 1 age 65 (but only if she became so entitled prior to attaining
- 2 age 60), or widower's insurance benefits and has not attained
- 3 age 65 (but only if he became so entitled prior to attain-
- 4 ing age 62), or".
- 5 (18)(d) Section 202(k)(3)(A) of such Act is amended by
- 6 striking out "subsection (q) and" and inserting in lieu
- 7 thereof "subsection (q), subsection (e)(2) or (f)(3), and".
- 8 (19)(d)(e)(1) Section 202 (q) (1) of such Act is amended
- 9 to read as follows:
- 10 "(1) If the first month for which an individual is
- 11 entitled to an old-age, wife's, husband's, widow's, or
- 12 widower's insurance benefit is a month before the month in
- 13 which such individual attains retirement age, the amount of
- 14 such benefit for such month and for any subsequent month
- shall, subject to the succeeding paragraphs of this subsection,
- 16 be reduced by—
- 17 "(A) % of 1 percent of such amount if such benefit
- is an old-age insurance benefit, <sup>25</sup>/<sub>36</sub> of 1 percent of such
- amount if such benefit is a wife's or husband's insurance
- benefit, or 5 1/120 of 1 percent of such amount if such
- benefit is a widow's or widower's insurance benefit,
- 22 multiplied by—
- 23 "(B) (i) the number of the months in the reduction
- 24 period for such benefit (determined under paragraph

1 (6) (A)), if such benefit is for a month before the 2 month in which such individual attains retirement age, or

- "(ii) if less the number of such months in the adjusted reduction period for such benefit (determined under paragraph (7)), if such benefit is (I) for the month in which such individual attains age 62, or (II) for the month in which such individual attains retirement age;
- and in the case of a widow or widower whose first month of entitlement to a widow's or widower's insurance benefit is a month before the month in which such widow or widower attains age 60, such benefit, reduced pursuant to the preceding provisions of this paragraph (and before the application of the second sentence of paragraph (8)), shall be further reduced by—
  - "(C) 43/240 of 1 percent of the amount of such benefit, multiplied by—
    - "(D) (i) the number of months in the additional reduction period for such benefit (determined under paragraph (6) (B)), if such benefit is for a month before the month in which such individual attains age 62, or
    - "(ii) if less, the number of months in the additional adjusted reduction period for such benefit (determined under paragraph (7)), if such benefit is for the month in which such individual attains age 62."

(2) Section 202 (q) (7) of such Act is amended— 1 (A) by striking out everything that precedes sub-2 paragraph (A) and inserting in lieu thereof the fol-3 4 lowing: "(7) For purposes of this subsection the 'adjusted re-5 duction period' for an individual's old-age, wife's, husband's, widow's, or widower's insurance benefit is the reduction 7 period prescribed in paragraph (6) (A) for such benefit, 8 and the 'additional adjusted reduction period' for an individual's widow's, or widower's insurance benefit is the 10 additional reduction period prescribed by paragraph (6) 11 12 (B) for such benefit, excluding from each such period—"; 13 and (B) by striking out "attained retirement age" in 14 subparagraph (E) and inserting in lieu thereof "attained 15 age 62, and also for any month before the month in 16 which he attained retirement age,". 17 (3) Section 202 (q) (9) of such Act is amended to 18 19 read as follows: "(9) For purposes of this subsection, the term 'retire-20 ment age' means age 65." 21 (20) (e) (f) Section 202 (m) of such Act is amended to 22 read as follows: 23 "Minimum Survivor's Benefit 24 "(m) (1) In any case in which an individual is entitled 25

to a monthly benefit under this section (other than under

26

1 subsection (a)) for any month and no other person is (without the application of subsection (j) (1) and section 223 (b) 2entitled to a monthly benefit under this section or sec-3 tion 223 for such month on the basis of the same wages 4 5 and self-employment income, such individual's benefit amount for such month, prior to reduction under (21) subsections 6 7  $\frac{(k)}{(3)}$  and  $\frac{(q)}{(1)}$  subsection (k) (3), shall be not less than 8 the first amount appearing in column IV of the table in sec-9 tion 215 (a) (22); except as provided in paragraph (2). 10 "(2) In the case of such an individual who is entitled 11 to a monthly benefit under subsection (e) or (f) (23) and 12 whose benefit is subject to reduction under subsection (q)-(1), 13 such benefit amount, after reduction under subsection (q) (1) (24) and subsection (e)(2)(B) or (f)(3)(B), shall not 14 15 be less than the amount it would be under paragraph (1) after 16 (25) such reduction reduction under subsection (q)(1), if re-17 tirement age as specified in paragraph (6)(A)(ii) of subsec-18 tion (q) were age 62 rather than retirement age (as defined in 19 subsection (q)(9)." (26) if such individual had attained (or 20 would attain) retirement age (as defined in subsection (q) (9)) 21 in the month in which he attained (or would attain) age 62. 22 (27) (3) In the case of an individual to whom paragraph 23 (2) applies but whose first month of entitlement to benefits 24 under subsection (e) or (f) was before the month in which 25

he attained age 60, such paragraph (2) shall be applied, for

- 1 purposes of determining the number of months to be used in
- 2 computing the reduction under subparagraphs (A) and (B)
- 3 of subsection (q) (1) (but not for purposes of determining
- 4 the number of months to be used in computing the reduction
- 5 under subparagraphs (C) and (D) of such subsection), as
- 6 though such first month of entitlement had been the month in
- 7 which he attained such age."
- 8 (28) (f) (g) In the case of an individual who is entitled
- 9 (29) without the application of section 202(i) (1) and 223
- 10 (b) of the Social Security Act) to widow's or widower's in-
- 11 surance benefits for the month of December 1970, the Secre-
- 12 tary shall redetermine the amount of such benefits (30) for
- 13 months after December 1970 under title II of (31) such the
- 14 Social Security Act as if the amendments made by this sec-
- 15 tion had been in effect for the first month of such individual's
- 16 entitlement to such benefits.
- 17 (32) (g) (h) Where—
- (1) two or more persons are entitled (33) (without
- the application of section 202 (j) (1) of the Social Se-
- 20 eurity Act) to monthly benefits under section 202 of
- 21 (34) such the Social Security Act for December 1970 on
- the basis of the wages and self-employment income of a
- deceased individual, and one or more of such persons is so
- entitled under subsection (e) or (f) of such section 202,
- $^{25}$  and

- 1 (2) one or more of such persons is entitled on the
  2 basis of such wages and self-employment income to
  3 (35)increased monthly benefits under subsection (e) or
  4 (f) of such section 202 (as amended by this section) for
  5 January 1971, and
- 6 (3) the total of benefits to which all persons are
  7 entitled under section 202 of such Act on the basis of
  8 such wages and self-employment income for January
  9 1971 is reduced by reason of section 203 (a) of such
  10 Act, as amended by this Act (or would, but for the
  11 penultimate sentence of such section 203 (a), be so
  12 reduced),
- 13 then the amount of the benefit to which each such person 14 referred to in paragraph (1) (36), other than a person en-15 titled under subsection (e) or (f) of such section 202; is en-16 titled for months after December 1970 shall (37) se adjusted 17 in no case be less, after the application of (38) this section and 18 such section 203 (a), (39) to an amount no less than the 19 amount it would have been (40) if the person or persons re-20 ferred to in paragraph (2) had not become entitled to an 21 increased benefit referred to in such paragraph without the 22 application of this section.
- <sup>23</sup> (41) Page 27, after line 5, insert:
- 24 (i) In the case of any individual who became entitled to 25 a widow's or widower's insurance benefit after attaining age

- 1 62 and who is entitled to such benefit for the month of Decem-
- 2 ber 1970, the provisions of this section shall not operate to
- 3 reduce such benefit to less than  $82\frac{1}{2}$  percent of the primary
- 4 insurance amount of the deceased individual on the basis of
- 5 whose wages and self-employment income such benefit is
- 6 payable.
- 7 (42)(h) (j) The amendments made by this section shall
- 8 apply with respect to monthly benefits under title II of the
- 9 Social Security Act for months after December 1970.

## 10 AGE-62 COMPUTATION POINT FOR MEN

- 11 Sec. (43)<del>105.</del> 104. (a) Section 214 (a) (1) of the So-
- 12 cial Security Act is amended by striking out "before—" and
- 13 all that follows down through "except" and inserting in lieu
- 14 thereof "before the year in which he died or (if earlier) the
- 15 year in which he attained age 62, except".
- (b) Section 215(b) (3) of such Act is amended by
- 17 striking out "before—" and all that follows down through
- 18 "For" and inserting in lieu thereof "before the year in
- 19 which he died or, if it occurred earlier but after 1960, the
- year in which he attained age 62. For".
- 21 (44) (e) In the case of an individual who is entitled to
- 22 monthly benefits under section 202 or 223 of the Social
- 23 Security Act for a month after December 1970, on the basis
- of the wages and self-employment income of an insured indi-
- <sup>25</sup> vidual who prior to January 1971 became entitled to benefits

under section 202 (a), or who prior to January 1971 became entitled to benefits under section 223 after the year in which he attained age 62 or who died prior to January 1971 in a year after the year in which he attained age 62 the Sec-retary shall notwithstanding paragraphs (1) and (2) of section 215(f) of such Act recompute the primary insur-ance amount of such insured individual. Such recomputation shall be made under whichever of the following alternative computation methods yields the higher primary insurance amount:

(1) the computation methods in section 215 (b) and (d) of such Act as amended by this Act as such methods would apply in the case of an insured individual who attained age 62 in 1971 except that the provisions of section 215 (d) (3) of such Act shall not apply; or (2) the computation methods specified in paragraph (1) without regard to the limitation "but after 1960" contained in section 215 (b) (3) of such Act except that for any such recomputation when the number of an individual's benefit computation years is less than 5, his average monthly wage shall, if it is in excess of \$400, be reduced to such amount.

23 (45)(d) (c) Section 223 (a) (2) of such Act is amended—
24 (1) by striking out "(if a woman) or age 65 (if a man)",

- 1 (2) by striking out "in the case of a woman" and
- 2 inserting in lieu thereof "in the case of an individual",
- 3 and
- 4 (3) by striking out "she" and inserting in lieu
- 5 thereof "he".
- 6 (46)(e) (d) Section 223(c) (1) (A) of such Act is
- 7 amended by striking out "(if a woman) or age 65 (if a
- 8 man)".
- 9 (47) (e) Section 227 (a) of such Act is amended by
- 10 striking out "so much of paragraph (1) of section 214 (a)
- 11 as follows clause (C)" and inserting in lieu thereof "para-
- 12 graph (1) of section 214(a)".
- 13 (48)(g) (f) Section 227 (b) of such Act is amended by
- 14 striking out "so much of paragraph (1) thereof as follows
- 15 clause (C)" and inserting in lieu thereof "paragraph (1)
- 16 thereof".
- 17 (49) (h) (g) Sections 209 (i) (50), 213 (a) (2), and 216 (i)
- 18 (3) (A), of such Act are amended by striking out "(if a
- 19 woman) or age 65 (if a man)".
- 20 (51)(i)(1) (h) Section 303(g) (1) of the Social Security
- 21 Amendments of 1960 is amended—
- 22 (52)(A) (1) by striking out "Amendments of 1965 and
- 23 1967" and inserting in lieu thereof "Amendments of
- 24 1965, 1967, 1969, and 1970"; (53) and
- 25 (54)(B) (2) by striking out "Amendments of 1967"

- 1 wherever it appears and inserting in lieu thereof
- <sup>2</sup> "Amendments of (55)<del>1970"; and 1970".</del>
- 3 (56) (C) by inserting "(subject to section 104(i) (2)
- 4 of the Social Security Amendments of 1970)" after
- 5 "except that" in the last sentence.
- 6 (2) For purposes of monthly benefits payable after
- 7 December 1970, or a lump-sum death payment in the ease
- 8 of an insured individual who dies after December 1970,
- 9 "retirement age" as referred to in section 303(g) (1) of
- 10 the Social Security Amendments of 1960 shall mean age
- 11 62.
- 12 (57) (i) Paragraph (9) of section 3121 (a) of the Inter-
- 13 nal Revenue Code of 1954 (relating to definition of wages)
- is amended to read as follows:
- 15 "(9) any payment (other than vacation or sick
- pay) made to an employee after the month in which he
- attains age 62, if such employee did not work for the
- employer in the period for which such payment is
- 19 made;".
- 20 (58) (k) When two or more persons are entitled (without
- 21 the application of sections 202(j) (1) and 223(b) of the
- 22 Social Security Act) to monthly benefits under section 202
- or 223 of such Act for December 1970, on the basis of the
- <sup>24</sup> wages and self-employment income of an insured individual,
- 25 and the total of benefits for such persons is reduced under

section 203 (a) of such Act (or would, but for the penultimate sentence of such section 203 (a), be so reduced) for the
month of January 1971 and such individual's primary insurance amount is increased for such month under the amendments made by this section, then the total of benefits for such
persons for and after January 1971 shall not be reduced to
less than the sum of—

(1) the amount determined under section 203 (a)
(2) of such Act for January 1971, and

(2) an amount equal to the excess of (A) such individual's primary insurance amount for January 1971, as determined under section 215 of such Act (as amended by section 101 of this Act) and in accordance with the amendments made by this section, over (B) his primary insurance amount for January 1971 as determined under such section 215 without regard to such amendments.

(1) The amendments made by this section shall apply with respect to monthly benefits under title H of the Social Security, Act for months after December 1970 and with respect to lump sum death payments made under such title in the case of deaths occurring after December 1970, except that in the case of an individual who was not entitled to a monthly benefit under title II of such Act for December 1970 such amendments shall apply only on the 

- 1 basis of an application filed in or after the month in which
- 2 this Act is enacted.
- 3 (59)(j)(1) The amendments made by this section (except
- 4 subsection (i) and subsection (g) as it relates to the amend-
- 5 ment to section 209(i) of the Social Security Act) shall
- 6 apply in the case of a man who attains (or would attain) age
- 7 62 after December 1972. The amendment made by subsec-
- 8 tion (g) as it relates to the amendment to section 209(i) of
- 9 the Social Security Act and by subsection (i) shall apply
- 10 only with respect to payments after 1972.
- 11 (2) In the case of a man who attains age 62 prior to
- 12 1973, the number of his elapsed years for purposes of
- 13 section 215(b)(3) of the Social Security Act shall be equal
- 14 to the number (A) determined under such section, as in
- 15 effect on January 1, 1970, or (B) if less, determined as
- 16 though he attained age 65 in 1973, except that monthly
- 17 benefits under title II of the Social Security Act for months
- 18 prior to 1971 payable on the basis of his wages and self-
- 19 employment income shall be determined as though this sec-
- 20 tion had not been enacted.
- 21 (3) In the case of a man who attains or will attain age
- 22 62 in 1971, the figure "64" should be substituted for the
- 23 figure "65" in sections 214(a)(1), 223(c)(1)(A), 209
- <sup>24</sup> (i) and 216(i)(3)(A) of the Social Security Act and
- 25 paragraph (9) of section 3121(a) of the Internal Revenue

- 1 Code of 1954. In the case of a man who attains or will attain
- 2 age 62 in 1972, the figure "63" should be substituted for
- 3 the figure "65" in sections 214(a)(1), 223(c)(1)(A), 209
- 4 (i), and 216(i)(3)(A) of the Social Security Act and
- 5 paragraph (9) of section 3121(a) of the Internal Revenue
- 6 Code."
- 7 (60) ELECTION TO RECEIVE ACTUARIALLY REDUCED BENE-
- 8 FITS IN ONE CATEGORY NOT TO BE APPLICABLE TO
- 9 CERTAIN BENEFITS IN OTHER CATEGORIES
- 10 Sec. 106. (a) (1) Section 202 (q) (3) (A) of the
- 11 Social Security Act is amended by striking out all that fol-
- 12 lows clause (ii) and inserting in lieu thereof the following:
- 13 "then (subject to the succeeding paragraphs of this sub-
- 14 section) such wife's, husband's, widow's, or widower's in-
- 15 surance benefit for each month shall be reduced as provided
- 16 in subparagraph (B), (C), or (D) of this paragraph, in
- 17 lieu of any reduction under paragraph (1), if the amount of
- 18 the reduction in such benefit under this paragraph is less than
- 19 the amount of the reduction in such benefit would be under
- 20 paragraph (1)."
- 21 (2) Section 202 (q) (3) of such Act is further amended
- 22 by striking out subparagraphs (E), (F), and (G).
- 23 (b) Section 202 (r) of such Act is repealed.
- (c) (1) (A) Subject to subparagraph (B), subsection
- 25 (a) of this section and the amendments made thereby shall

apply with respect to benefits for months commencing with 1 the sixth month after the month in which this Act is enacted. 2 (B) Subsection (a) of this section and the amendments 3 made thereby shall apply in the case of an individual whose  $^{4}$ entitlement to benefits under section 202 of the Social Secu-5 rity Act began (without regard to sections 202-(j) (1) and 6 223 (b) of such Act) before the sixth month after the month 7 in which this Act is enacted only if such individual files with 8 the Secretary of Health, Education, and Welfare, in such 9 manner and form as the Secretary shall by regulations pre-10 scribe, a written request that such subsection and such 11 12 amendments apply. In the ease of such an individual who is described in paragraph 2-(A)-(i) of this subsection, the 13 request for a redetermination under paragraph (2) shall con-14 15 stitute the request required by this subparagraph, and subsection (a) of this section and the amendments made thereby 17 shall apply pursuant to such request with respect to such individual's benefits as redetermined in accordance with 18 paragraph (2) (B) (i) (but only if he does not refuse to 20 accept such redetermination). In the case of any individual 21 with respect to whose benefits subsection (a) of this section 22and the amendments made thereby may apply only pursuant 23to a request made under this subparagraph, such subsection 24 and such amendments shall be effective (subject to para-25 graph (2) (D)) with respect to benefits for months com-

- 1 meneing with the sixth month after the month in which this
- 2 Act is enacted or, if the request required by this subpara-
- 3 graph is not filed before the end of such sixth month; with
- 4 the second month following the month in which the request
- 5 is filed.
- (C) Subsection (b) of this section shall apply with
- 7 respect to benefits payable pursuant to applications filed on
- 8 or after the date of the enactment of this Act.
- 9 (2) (A) In any ease where an individual
- 10 (i) is entitled, for the fifth month following the
- 11 month in which this Act is enacted, to a monthly in-
- surance benefit under section 202 of the Social Security
- 13 Act (I) which was reduced under subsection (q) (3) of
- such section, and (II) the application for which was
- deemed (or, except for the fact that an application had
- been filed, would have been deemed) to have been filed
- by such individual under subsection (r) (1) or (2) of
- such section, and
- 19 -(ii) files a written request for a redetermination
- 20 under this subsection, on or after the date of the enact-
- 21 ment of this Act and in such manner and form as the
- Secretary of Health, Education, and Welfare shall by
- 23 regulations prescribe,
- 24 the Secretary shall redetermine the amount of such benefit,
- 25 and the amount of the other benefit (reduced under subsec-

- 1 tion (9) (1) or (2) of such section) which was taken into
- 2 account in computing the reduction in such benefit under such
- 3 subsection (q) (3), in the manner provided in subparagraph
- 4 (B) of this paragraph.
- 5 (B) Upon receiving a written request for the redeter-
- 6 mination under this paragraph of a benefit which was reduced
- 7 under subsection (q) (3) of section 202 of the Social Se-
- 8 curity Act and of the other benefit which was taken into ac-
- 9 count in computing such reduction, filed by an individual as
- 10 provided in subparagraph (A) of this paragraph, the Sec-
- 11 retary shall-

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- (i) determine the highest monthly benefit amount which such individual could receive under the subsections of such section 202 which are involved (or under section 223 of such Act and the subsection of such section 202 which is involved) for the month with which the redetermination is to be effective under subparagraph (D) of this subsection (without regard to sections 202 (k), 203 (a), and 203 (b) through (l))
  - (I) such individual's application for one of such two benefits had been filed in the month in which it was actually filed or was deemed under subsection (r) of such section 202 to have been

1	filed, and his application for the other such benefit
2	had been filed in a later month, and

(II) the amendments made by this section had been in effect at the time each such application was filed; and

(ii) determine whether the amounts which were actually received by such individual in the form of such two benefits during the period prior to the month with which the redetermination under this paragraph is to be effective were in excess of the amounts which would have been received during such period if the applications for such benefits had actually been filed at the times fixed under clause (i) (I) of this subparagraph, and, if so, the total amount by which benefits otherwise payable to such individual under such section 202 (and section 223) would have to be reduced in order to compensate the Federal Old-Age and Survivors Insurance Trust Fund (and the Federal Disability Insurance Trust Fund) for such excess.

(C) The Secretary shall then notify such individual of
the amount of each such benefit as computed in accordance
with the amendments made by subsections (a) and (b)
of this section and as redetermined in accordance with
subparagraph (B) (i) of this paragraph, specifying (i) the
amount (if any) of the excess determined under subpara-

graph (B) (ii) of this paragraph, and (ii) the period during 1 which payment of any increase in such individual's benefits resulting from the application of the amendments made by 3 subsections (a) and (b) of this section would under desig-4 nated eircumstances have to be withheld in order to effect the 5 reduction described in subparagraph (B) (ii). Such indi 6 vidual may at any time within thirty days after such notifica 7 tion is mailed to him refuse (in such manner and form as the 8 9 Secretary shall by regulations prescribe) to accept the

redetermination under this paragraph.

- 11 (D) Unless the last sentence of subparagraph (C) 12 applies, a redetermination under this paragraph shall be 13 effective (but subject to the reduction described in subpara 14 graph (B) (ii) over the period specified pursuant to clause 15 (ii) of the first sentence of subparagraph (C)) beginning 16 with the sixth month following the month in which this Act 17 is enacted, or, if the request for such redetermination is not 18 filed before the end of such sixth month, with the second 19 month following the month in which the request for such 20 redetermination is filed.
- 21 (E) The Secretary, by withholding amounts from bene-22 fits otherwise payable to an individual under title II of the 23 Social Security Act as specified in clause (ii) of the first sen-24 tence of subparagraph (C) (and in no other manner), shall 25 recover the amounts necessary to compensate the Federal

1 Old-Age and Survivors Insurance Trust Fund (and the Fed-

2 eral Disability Insurance Trust Fund) for the excess (de-

3 scribed in subparagraph (B) (ii) attributable to benefits

4 which were paid such individual and to which a redetermina-

5 tion under this subsection applies.

## (d) Where

(1) two or more persons are entitled on the basis of the wages and self-employment income of an individual (without the application of sections 202(j)-(1) and 223-(b) of the Social Security Act) to monthly benefits under section 202 of such Act for the month preceding the month with which (A) a redetermination under subsection (c) of this section becomes effective with respect to the benefits of any one of them and (B) such benefits are accordingly increased by reason of the amendments made by subsections (a) and (b) of this section, and

(2) the total of benefits to which all persons are entitled under such section 202 on the basis of such wages and self-employment income for the month with which such redetermination and increase becomes effective is reduced by reason of section 203 (a) of such Act as amended by this Act (or would, but for the penultimate sentence of such section 203 (a), be so reduced), then the amount of the benefit to which each of the persons

- 1 referred to in paragraph (1), other than the person with
- 2 respect to whose benefits such redetermination and increase
- 3 is applicable, is entitled for months beginning with the month
- 4 with which such redetermination and increase becomes effec-
- 5 tive shall be adjusted, after the application of such section
- 6 203 (a), to an amount no less than the amount it would have
- 7 been if such redetermination and increase had not become
- 8 effective.
- 9 LIBERALIZATION OF EARNINGS TEST
- 10 (61) Sec. 107. 105. (a) (1) Paragraphs (1) and (4) (B)
- 11 of section 203 (f) of the Social Security Act are each
- 12 amended by striking out "\$140" and inserting in lieu thereof
- 13 (62)  $\$166.66\frac{2}{3}$  \$200 or the exempt amount as determined
- under paragraph (8)".
- 15 (2) Paragraph (1) (A) of section 203 (h) of such Act
- 16 is amended by striking out "\$140" and inserting in lieu
- 17 thereof (63)"\$166.66 $\frac{2}{3}$ \$200 or the exempt amount as de-
- 18 termined under subsection (f) (8)".
- (3) Paragraph (3) of section 203 (f) of such Act is
- 20 amended to read as follows:
- 21 "(3) For purposes of paragraph (1) and sub-
- section (h), an individual's excess earnings for a tax-
- able year shall be 50 per centum of his earnings for
- such year in excess of the product of (64)\$166.66\frac{2}{3}
- \$200 or the exempt amount as determined under para-

1	graph (8) multiplied by the number of months in such
2	year. The excess earnings as derived under the preceding
3	sentence, if not a multiple of \$1, shall be reduced to the
4	next lower multiple of \$1."
5	(65)(b) Section 203 (f) of such Act is further amended by
6	adding at the end thereof the following new paragraph:
7	"(8) (A) On or before November 1 of 1972 and of
8	each even-numbered year thereafter, the Secretary shall
9	determine and publish in the Federal Register the
10	exempt amount as defined in subparagraph (B) for each
11	month in any individual's first two taxable years which
12	end with the close of or after the calendar year following
13	the year in which such determination is made.
14	"(B) The exempt amount for each month of a
15	particular taxable year shall be whichever of the fol-
16	lowing is the larger:
17	"(i) the product of \$166.662 and the ratio
18	of (I) the average taxable wages of all persons for
19	whom taxable wages were reported to the Secre-
20	tary for the first calendar quarter of the calendar
21	<del>year in which a determination under subparagraph</del>
22	(A) is made for each such month of such particu-
23	lar taxable year to (II) the average of the taxable
24	wages of all persons for whom wages were reported

to the Secretary for the first calendar quarter of

1 1971, with such product, if not a multiple of \$10, 2 being rounded to the next higher multiple of \$10 where such product is an odd multiple of \$5 and to 3 the nearest multiple of \$10 in any other case, or 4 "(ii) the exempt amount for each month in the 5 6 taxable year preceding such particular taxable year; 7 except that the provisions in clause (i) shall not apply 8 with respect to any taxable year unless the contribution 9 and earnings base for such year is determined under 10 section 230 (b) (1)."

11 (66)(c) (b) The amendments made by this section shall 12 apply with respect to taxable years ending after December 13 1970.

EXCLUSION OF CERTAIN EARNINGS IN YEAR OF

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15

## ATTAINING AGE 72

- 16 (67) Sec. 408. 106. (a) The first sentence of section 203 (f)
- 17 (3) of the Social Security Act (68) is as amended by
- 18 (69) section 105(a)(3) of this Act is amended by inserting
- 19 (70)"(1)" after "except that", and by isnerting before the
- 20 period at the end thereof the following: ", (71) and (B)
- 21 except that, in determining an individual's excess earnings for
- 22 the taxable year in which he attains age 72, there shall be
- 23 excluded any earnings of such individual for the month in
- 24 which he attains such age and any subsequent month (with
- 25 any net earnings or net loss from self-employment in such

- 1 year being prorated in an equitable manner under regulations
- 2 of the Secretary)".
- 3 (b) The amendment made by subsection (a) shall
- 4 apply with respect to taxable years ending after December
- 5 1970.
- 6 REDUCED BENEFITS FOR WIDOWERS AT AGE 60
- 7 (72) Sec. 109. 107. (a) Section 202 (f) of the Social Secu-
- 8 rity Act (as amended by section (73)104(b)(2) 103(b)
- 9 (2) of this Act) is further amended—
- 10 (1) by striking out "age 62" each place it appears
- 11 (74) in paragraphs (1), (5), and (6) and inserting in
- lieu thereof "age 60"; and
- 13 (2) by striking out "or the third month" in the
- 14 matter following subparagraph (G) in paragraph (1)
- and inserting in lieu thereof "or, if he became entitled
- to such benefits before he attained age 60, the third
- month".
- (b) (1) The last sentence of section 203 (c) of such
- 19 Act (as amended by section (75)104(c)(1) 103(c)(1) of
- $^{20}$  this Act) is further amended by striking out "age 62" and
- 21 inserting in lieu thereof "age 60".
- 22 (2) Clause (D) of section 203 (f) (1) of such Act (as
- 23 amended by section (76) 104(c)(2) 103(c)(2) of this
- $^{24}$  Act) is further amended by striking out "age 62" and
- 25 inserting in lieu thereof "age 60".

- 1 (3) Section 222 (b) (1) of such Act is amended by
- 2 striking out "a widow or surviving divorced wife who has
- 3 not attained age 60, a widower who has not attained age
- 4 62" and inserting in lieu thereof "a widow, widower or
- 5 surviving divorced wife who has not attained age 60".
- 6 (4) Section 222 (d) (1) (D) of such Act is (77) amend-
- 7 ed by striking out "age 62" each place it appears and insert-
- 8 ing in lieu thereof "age 60" amended—
- 9 (78)(A) by striking out "age 62" the first place it
- appears and inserting in lieu thereof "age 60", and
- 11 (B) by striking out "wives who have not attained
- age 60 and are under a disability, the benefits under
- 13 section 202(f) of widowers who have not attained age
- 14 62," and inserting in lieu thereof "wives and the bene-
- 15 fits under section 202(f) for widowers who have not
- attained age 65 and are under a disability,".
- 17 (5) Section 225 of such Act is amended by striking
- 18 out "age 62" and inserting in lieu thereof "age 60".
- 19 (c) The amendments made by this section shall apply
- 20 with respect to monthly benefits under title II of the Social
- 21 Security Act for months after December 1970, except that
- 22 in the case of an individual who was not entitled to a monthly
- 23 benefit under title II of such Act for December 1970 such
- 24 amendments shall apply only on the basis of an application
- 25 filed in or after the month in which this Act is enacted.

1	ENTITLEMENT TO CHILD'S INSURANCE BENEFITS BASED
2	ON DISABILITY WHICH BEGAN BETWEEN AGE 18 AND 22
3	(79) Sec. <del>110.</del> 108. (a) Clause (ii) of section 202 (d) (1)
4	(B) of the Social Security Act is amended by striking out
5	"which began before he attained the age of eighteen" and in-
6	serting in lieu thereof "which began before he attained the
7	age of 22".
8	(b) Subparagraphs (F) and (G) of section 202 (d)
9	(1) of such Act are amended to read as follows:
10	"(F) if such child was not under a disability (as
11	so defined) at the time he attained the age of 18, the
12	earlier of—
13	"(i) the first month during no part of which
14	he is a full-time student, or
15	"(ii) the month in which he attains the age of
16	22,
17	but only if he was not under a disability (as so defined)
18	in such earlier month; or
19	"(G) if such child was under a disability (as so
20	defined) at the time he attained the age of 18, or if he
21	was not under a disability (as so defined) at such time
22	but was under a disability (as so defined) at or prior to
23	the time he attained (or would attain) the age of 22,
24	the third month following the month in which he ceases
25	to be under such disability or (if later) the earlier of-

1	"(i) the first month during no part of which
2	he is a full-time student, or
3	"(ii) the month in which he attains the age
4	of 22,
5	but only if he was not under a disability (as so defined)
6	in such earlier month."
7	(c) Section 202 (d) (1) of such Act is further amended
8	by adding at the end thereof the following new sentence:
9	"No payment under this paragraph may be made to a child
10	who would not meet the definition of disability in section
11 .	223 (d) except for paragraph (1) (B) thereof for any month
12	in which he engages in substantial gainful activity."
13	(d) Section 202 (d) (6) of such Act is amended by
14	striking out "in which he is a full-time student and has not
15	attained the age of 22" and all that follows and inserting in
16	lieu thereof "in which he—
17	(80)"(A) (i) is a full-time student or (ii) is under a
18	disability (as defined in section 223 (d)), and
19	"(B) had not attained the age of 22, but only if he
20	has filed application for such reentitlement.
21	"(A)(i) is a full-time student or is under a dis-
22	ability (as defined in section 223(d)), and (ii) had not
23	attained the age of 22, or
24	"(B) is under a disability which began before the
25	close of the 84th month following the month in which his

1	most recent entitlement to child's insurance benefits ter-
2	minated because his disability ceased,
3	but only if he has filed application for such reentitlement.
4	Such reentitlement shall end with the month preceding
5	whichever of the following first occurs:
6	"(C) the first month in which an event specified in
7	paragraph (1) (D) occurs;
8	"(D) the earlier of (i) the first month during no
9.	part of which he is a full-time student or (ii) the month
10	in which he attains the age of 22, but only if he is not
1.1	under a disability (as so defined) in such earlier month;
12	or
13	"(E) if he was under a disability (as so defined),
14	the third month following the month in which he ceases
15	to be under such disability or (if later) the earlier of-
16	"(i) the first month during no part of which
17	he is a full-time student, or
18	"(ii) the month in which he attains the age
19	of 22."
20	(e) Section 202 (s) of such Act is amended—
21	(1) by striking out "which began before he at-
22	tained such age" in paragraph (1); and
23	(2) by striking out "which began before such
24	child attained the age of 18" in paragraphs (2) and
25	(3).

## (f) Where—

- (1) one or more persons are entitled (without the application of sections 202 (j) (1) and 223 (b) of the Social Security Act) to monthly benefits under section 202 or 223 of such Act for December 1970 on the basis of the wages and self-employment income of an individual, and
- (2) one or more persons (not included in paragraph (1)) are entitled to monthly benefits under such section 202 or 223 for January 1971 solely by reason of the amendments made by this section on the basis of such wages and self-employment income, and
- (3) the total of benefits to which all persons are entitled under such section 202 or 223 on the basis of such wages and self-employment income for January 1971 is reduced by reason of section 203 (a) of such Act as amended by this Act (or would, but for the penultimate sentence of such section 203 (a), be so reduced),
- then the amount of the benefit to which each person referred to in paragraph (1) of this subsection is entitled for months after December 1970 shall be adjusted, after the application of such section 203 (a), to an amount no less than the amount it would have been if the person or persons referred

1	to in paragraph (2) were not entitled to a benefit referred
2	to in such paragraph (2).
3	(g) The amendments made by this section shall apply
4	only with respect to monthly benefits under section 202
5	of the Social Security Act for months after December 1970,
6	except that in the case of an individual who was not en-
7	titled to a monthly benefit under such section 202 for
8	December 1970 such amendments shall apply only on the
9	basis of an application filed after September 30, 1970.
10	(81) ELIMINATION OF SUPPORT REQUIREMENT AS CONDI-
11	TION OF BENEFITS FOR DIVORCED AND SURVIVING
12	DIVORCED WIVES
13	SEC. 111. (a) Section 202 (b) (1) of the Social Security
14	Act is amended
15	(1) by adding "and" at the end of subparagraph
16	<del>(C),</del>
17	(2) by striking out subparagraph (D), and
18	(3) by redesignating subparagraphs (E) through
19	(L) as subparagraphs (D) through (K), respectively.
20	(b) (1) Section 202 (c) (1) of such Act is amended
21	(A) by adding "and" at the end of subparagraph
22	<del>(C)</del> ;
23	(B) by striking out subparagraph (D), and
24	4C) by redesignating subparagraphs (E) through
25	(G) as subnaragraphs (D) through (E) respectively

- 1 (2) Section 202 (e) (6) of such Act is amended by
- 2 striking out "paragraph (1) (G)" and inserting in lieu
- 3 thereof "paragraph (1) (F)".
- 4 (c) Section 202(g) (1) (F) of such Act is amended by
- 5 striking out clause (i); and by redesignating clauses (ii)
- 6 and (iii) as clauses (i) and (ii), respectively.
- 7 (d) The amendments made by this section shall apply
- 8 only with respect to benefits payable under title H of the
- 9 Social Security Act for months after December 1970 on the
- 10 basis of applications filed on or after the date of the enact-
- 11 ment of this Act.
- 12 (82) ELIMINATION OF DISABILITY INSURED STATUS RE-
- 13 QUIREMENT OF SUBSTANTIAL RECENT COVERED WORK
- 14 IN CASES OF INDIVIDUALS WHO ARE BLIND
- 15 SEC. 112. (a) The first sentence of section 216(i) (3)
- 16 of the Social Security Act is amended by inserting before
- 17 the period at the end thereof the following: ", and except
- 18 that the provisions of subparagraph (B) of this paragraph
- 19 shall not apply in the case of an individual who is blind
- (within the meaning of 'blindness' as defined in paragraph
- 21 (1))".
- 22 (b) Section 223 (c) (1) of such Act is amended by
- 23 striking out "coverage." in subparagraph (B) (ii) and in-
- serting in lieu thereof "coverage;", and by striking out "For
- 25 purposes" and inserting in lieu thereof the following:

1	"except that the provisions of subparagraph (B) of
2	this paragraph shall not apply in the case of an indi-
3	vidual who is blind (within the meaning of 'blindness'
4	as defined in section 216 (i) (1)). For purposes".
5	(e) The amendments made by this section shall be
6	effective with respect to applications for disability insurance
7	benefits under section 223 of the Social Security Act, and
8	for disability determinations under section 216 (i) of such
9	Act, filed
0.	(1) in or after the month in which this Act is
1	enacted, or
2	(2) before the month in which this Act is enacted
3	if the applicant has not died before such month and if-
4	(A) notice of the final decision of the Secre-
.5	tary of Health, Education, and Welfare has not been
.6	given to the applicant before such month; or
7	(B) the notice referred to in subparagraph
.8	(A) has been so given before such month but a
9	civil action with respect to such final decision is
20	commenced under section 205(g) of the Social
21	Security Act (whether before, in, or after such
22	month) and the decision in such civil action has not
23	become final before such month;
4	except that no monthly benefits under title H of the Social
5	Security Act shall be payable or increased by reason of the

1	amendments made by this section for months before Jan-
2	uary 1971.
3	DISABILITY BENEFITS FOR THE BLIND
4	SEC. 109. (a) The first sentence of section 222(b)(1)
5	of the Social Security Act (as amended by section 107 of
6	this Act) is further amended by inserting "(other than such
7	an individual whose disability is blindness, as defined in sec-
8	tion 216(i)(1)(B))" after "an individual entitled to dis-
9	ability insurance benefits".
10	(b) Section 223(a)(1) of such Act is amended—
11	(1) by amending subparagraph (B) to read as
12	follows:
13	"(B) in the case of any individual other than an
14	individual whose disability is blindness (as defined
15	in section 216(i)(1)(B)), has not attained the
16	age of 65,";
17	(2) by striking out "the month in which he attains
18	age 65" and inserting in lieu thereof "in the case of any
19	individual other than an individual whose disability is
20	blindness (as defined in section $216(i)(1)(B)$ ), the
21	month in which he attains age 65"; and
22	(3) by striking out the last sentence thereof.
23	(c) That part of section 223(a)(2) of such Act (as
24	amended by section 104(c)(1) of this Act) which precedes
2ð	subparagraph (A) thereof is further amended by inserting

immediately after "age 62" the following: ", and, in the case 1 of any individual whose disability is blindness (as defined in 2 section 216(i)(1)(B)), as though he were a fully insured 3 4 individual,". (d) Section 223(c)(1) of such Act is amended— 5 (1) by inserting "(other than an individual whose 6 7 disability is blindness, as defined in section 216(i)(1) (B))," after "An individual"; and 8 9 (2) by adding at the end thereof (after the sentence 10 following subparagraph (B)) the following new sen-11 tence: "An individual whose disability is blindness (as 12 defined in section 216(i)(1)(B)) shall be insured for 13 disability insurance benefits in any month if he had not 14 less than six quarters of coverage before the quarter in 15 which such month occurs." 16 (e) Section 223(d)(1)(B) of such Act is amended to 17 read as follows: 18 "(B) blindness (as defined in section 216(i) 19 (1)(B))." 20 (f) The second sentence of section 223(d)(4) of such Act 21 is amended by inserting "(other than an individual whose 22disability is blindness, as defined in section 216(i)(1)(B))" 23immediately after "individual". 24 (g) The amendments made by this section shall be effec-25 tive with respect to individuals entitled to disability insurance

benefits under section 223 of the Social Security Act for the

1	month of January 1971, and with respect to applications for
2	disability insurance benefits under section 223 of such Act
3	filed—
4	(1) in or after the month in which this Act is en-
5	acted, or
6	(2) before the month in which this Act is enacted
7	if—
8	(A) notice of the final decision of the Secre-
9	tary of Health, Education, and Welfare has not
10	been given to the applicant before such month; or
11	(B) the notice referred to in subparagraph (A)
12	has been so given before such month but a civil action
13	with respect to such final decision is commenced
14	under section 205(g) of the Social Security Act
15	(whether before, in, or after such month) and the
16	decision in such civil action has not become final
17	before such month;
18	except that no monthly benefits under title II of the Social
19	Security Act shall be payable or increased by reason of the
20	amendments made by this section for months before January
21	1971.
22	WAGE CREDITS FOR MEMBERS OF THE UNIFORMED
23	SERVICES
24	(83) Sec. 113. 110. (a) Subsection 229 (a) of the Social Se-
25	curity Act is amended—

1	(1) by striking out "after December 1967" and in-
2	serting in lieu thereof "after December 1970"; (84) and
3	(2) by striking out "after 1967" and inserting in
4	lieu thereof (85) "after 1956": "after 1956"; and
5	(86)(3) by striking out all which follows "(in addition
6	to the wages actually paid to him for such service)" and
7	inserting in lieu thereof "of \$300.".
8	(b) The amendments made by subsection (a) shall
9	apply with respect to monthly benefits under title II of the
10	Social Security Act for months after December 1970 and
11	with respect to lump-sum death payments under such title in
12	the case of deaths occurring after December 1970, except
13	that, in the case of any individual who is entitled, on the basis
14	of the wages and self-employment income of any individual
15	to whom section 229 of such Act applies, to monthly bene-
16	fits under title II of such Act for December 1970, such
17	amendments shall apply (1) only if an application for re-
18	computation by reason of such amendments is filed by such
19	individual, or any other individual, entitled to benefits under
20	such title II on the basis of such wages and self-employment
21	income, and (2) only with respect to such benefits for
22	months beginning with whichever of the following is later:
23	January 1971 or the twelfth month before the month in which
24	such application was filed. Recomputations of benefits as re-

quired to carry out the provisions of this paragraph shall be

- 1 made notwithstanding the provisions of section 215 (f) (1)
- 2 of the Social Security Act, and no such recomputation shall
- 3 be regarded as a recomputation for purposes of section 215
- 4 (f) of such Act.
- 5 APPLICATIONS FOR DISABILITY INSURANCE BENEFITS FILED
- 6 AFTER DEATH OF INSURED INDIVIDUAL
- 7 (87) Sec. 114. 111. (a) (1) Section 223 (a) (1) of the Social
- 8 Security Act is amended by adding at the end thereof the
- 9 following new sentence: "In the case of a deceased individual,
- 10 the requirement of subparagraph (C) may be satisfied by an
- 11 application for benefits filed with respect to such individual
- 12 within 3 months after the month in which he died."
- 13 (2) Section 223 (a) (2) of such Act is amended by
- 14 striking out "he filed his application for disability insurance
- 15 benefits and was" and inserting in lieu thereof "the applica-
- 16 tion for disability insurance benefits was filed and he was".
- 17 (3) The third sentence of section 223 (b) of such Act
- 18 is amended by striking out "if he files such application" and
- 19 inserting in lieu thereof "if such application is filed".
- 20 (4) Section 223 (c) (2) (A) of such Act is amended by
- 21 striking out "who files such application" and inserting in
- 22 lieu thereof "with respect to whom such application is filed".
- 23 (b) Section 216(i) (2) (B) of such Act is amended
- 24 by adding at the end thereof the following new sentence:
- 25 "In the case of a deceased individual, the requirement of an

1	application under the preceding sentence may be satisfied
2	by an application for a disability determination filed with re-
3	spect to such individual within 3 months after the month in
4	which he died."
5	(c) The amendments made by this section shall apply
6	in the case of deaths occurring in and after the year in which
7	this Act is enacted. For purposes of such amendments (and
8	for purposes of sections 202 (j) (1) and 223 (b) of the Social
9	Security Act), any application with respect to an individual
10	whose death occurred in such year but before the date of the
11	enactment of this Act which is filed within 3 months after
12	the date of the enactment of this Act shall be deemed to have
13	been filed in the month in which such death (88) occurred
14	(89) WORKMEN'S COMPENSATION OFFSET FOR DISABILITY
15	INSURANCE BENEFICIARIES
16	SEC. 115. (a) Section 224 (a) (5) of the Social Secu
17	rity Act is amended by striking out "80 per centum of":
18	(b) The amendment made by subsection (a) shall
19	apply with respect to monthly benefits under title H of the
20	Social Security Act for months after December 1970.
21	(90) COVERAGE OF FEDERAL HOME LOAN BANK
22	EMPLOYEES
23	SEC. 116. The provisions of section 210(a) (6) (B) (ii)
24	of the Social Security Act and section 3121 (b) (6) (B) (ii)

of the Internal Revenue Code of 1954, insofar as they relate

- 1 to service performed in the employ of a Federal Home Loan
- 2 Bank, shall be effective—
- 3 (1) with respect to all service performed in the
- 4 employ of a Federal Home Loan Bank after December
- 5 1970; and
- 6 (2) in the case of individuals who are in the employ
- 7 of a Federal Home Loan Bank on January 1, 1971, with
- 8 respect to any service performed in the employ of a
- 9 Federal Home Loan Bank after December 1965; but this
- 10 paragraph shall be effective only if an amount equal to
- the taxes imposed by sections 3101 and 3111 of such
- 12 Code with respect to the services of all such individuals
- 13 performed in the employ of Federal Home Loan Banks
- 14 after December 1965 are paid under the provisions of
- section 3122 of such Code by July 1, 1971, or by such
- later date as may be provided in an agreement entered
- into before such date with the Secretary of the Treasury
- or his delegate for purposes of this paragraph.
- 19 (b) Subparagraphs (A) (i) and (B) of section 104
- 20 (i) (2) of the Social Security Amendments of 1956 are
- 21 repealed.
- 22 POLICEMEN AND FIREMEN IN IDAHO (91) AND
- 23 POLICEMEN IN MISSOURI
- 24 Sec. (92)117. 112. (a) Section 218(p) (1) of the
- 25 Social Security Act is amended by inserting "Idaho," after
- 26 "Hawaii,".

1	(93)(b) Such section 218(p)(1) is further amended by—
2	(1) inserting "Missouri," after "Maryland,"; and
3	(2) adding at the end thereof the following new
4	sentence: "Notwithstanding the first sentence of this
5	paragraph, nothing in this paragraph shall be construed
6	to authorize the State of Missouri to modify the agree-
7	ment entered into by it pursuant to this section so as to
8	apply such agreement to service performed by any em-
9	ployee in a fireman's position."
10	COVERAGE OF CERTAIN HOSPITAL EMPLOYEES IN NEW
11	MEXICO
12	SEC. (94)118. 113. Notwithstanding any provisions of
13	section 218 of the Social Security Act, the agreement with the
14	State of New Mexico heretofore entered into pursuant to such
15	section may at the option of such State be modified at any
16	time prior to January 1, (95)1970, 1972, so as to apply to
17	the services of employees of a hospital which is an integral
18	part of a political subdivision to which an agreement under
19	this section has not been made applicable, as a separate cov-
20	erage group within the meaning of section 218 (b) (5) of
21	such Act, but only if such hospital has prior to 1966 with-
22	drawn from a retirement system which had been applicable
23	to the employees of such hospital.

	14
1	PENALTY FOR FURNISHING FALSE INFORMATION TO OBTAIN
2	SOCIAL SECURITY ACCOUNT NUMBER
3	SEC. (96)119. 114. (a) Section 208 of the Social Secu-
4	rity Act is amended by adding "or" after the semicolon at the
5	end of subsection (e), and by inserting after subsection (e)
6	the following new subsection:
7	"(f) willfully, knowingly, and with intent to deceive
8	the Secretary as to his true identity (or the true identity of
9	any other person) furnishes or causes to be furnished false
10	information to the Secretary with respect to any information
11	required by the Secretary in connection with the establish-
12	ment and maintenance of the records provided for in section
13	205 (c) (2);".
14	(b) The amendments made by subsection (a) shall
15	apply with respect to information furnished to the Secretary
16	after the date of the enactment of this Act.
17	GUARANTEE OF NO DECREASE IN TOTAL FAMILY BENEFITS
18	Sec. (97)120. 115. (a) Section 203 (a) of the Social
19	Security Act (as amended by sections 101 (b) and (98)103
20	(b) 131(a) of this Act) is amended by striking out the
21	period at the end of paragraph (4) and inserting in lieu
22	thereof "; or", and by inserting after paragraph (4) the
23	following new paragraph:
24	"(5) notwithstanding any other provision of law,

when-

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1	"(A) two or more persons are entitled to
2	monthly benefits for a particular month on the basis
3	of the wages and self-employment income of an
4	insured individual and (for such particular month)
5	the provisions of this subsection and section 202 (q)
6	are applicable to such monthly benefits, and

"(B) such individual's primary insurance amount is increased for the following month under any provision of this title,

then the total of monthly benefits for all persons on the basis of such wages and self-employment income for such particular month, as determined under the provisions of this subsection, shall for purposes of determining the total of monthly benefits for all persons on the basis of such wages and self-employment income for months subsequent to such particular month be considered to have been increased by the smallest amount that would have been required in order to assure that the total of monthly benefits payable on the basis of such wages and self-employment income for any such subsequent month will not be less (after application of the other provisions of this subsection and section 202 (a) than the total of monthly benefits (after the application of the other provisions of this subsection and section 202

1	(q)) payable on the basis of such wages and self-em-
2	ployment income for such particular month."
3	(b) In any case in which the provisions of section
4	1002 (b) (2) of the Social Security Amendments of 1969
5	apply, the total of monthly benefits as determined under sec-
6	tion 203 (a) of the Social Security Act shall, for months
7	after 1970, be increased to the amount that would be
8	required in order to assure that the total of such monthly
9	benefits (after the application of section 202 (q) of such
0	Act) will not be less than the total of monthly benefits
1	that was applicable (after the application of such sections
12	203 (a) and 202 (q)) for the first month for which the
13	provisions of such section 1002 (b) (2) applied.
4	(99) CERTAIN ADOPTIONS BY DISABILITY AND OLD-AGE
5	INSURANCE BENEFICIARIES
16	SEC. 121. (a) Clause (i) of section 202(d) (8) (E)
L7	of the Social Security Act is amended—
18	(1) by inserting "(I)" after "(i)",
19	(2) by adding "or" after "child-placement
20	agency,", and
21	(3) by adding at the end thereof (after and below
22	clause (i) (I) as designated by paragraph (1) of this
23	subsection) the following:
24	"(II) in an adoption which took place after
25	an investigation of the circumstances surrounding

the adoption by a court of competent jurisdiction within the United States, or by a person appointed by such a court, if the child was related (by blood, adoption, or steprelationship) to such individual or to such individual's wife or husband as a descendant or as a brother or sister or a descendant of a brother or sister, such individual had furnished one-half of the child's support for at least five years immediately before such individual became entitled to such disability insurance benefits, the child had been living with such individual for at least five years before such individual became entitled to such disability insurance benefits, and the continuous period during which the child was living with such individual began before the child attained age 18,".

(b) The amendments made by subsection (a) shall apply with respect to monthly benefits payable under title H of the Social Security Act for months after December 1967 on the basis of an application filed in or after the month in which this Act is enacted; except that such amendments shall not apply with respect to benefits for any month before the month in which this Act is enacted unless such application is filed before the close of the twelfth month after the month in which this Act is enacted.

1	ADOPTION BY DISABILITY AND OLD-AGE INSURANCE
2	BENEFICIARIES
3	SEC. 116. (a) Section 202(d) of the Social Security
4	Act is amended by striking paragraphs (8) and (9) and in-
5	serting in lieu thereof the following new paragraph:
6	"(8) In the case of—
7	"(A) an individual entitled to old-age insurance
8	benefits (other than an individual referred to in sub-
9	paragraph (B)),
10	"(B) an individual entitled to disability insur-
11	ance benefits, or an individual entitled to old-age
12	insurance benefits who was entitled to disability in-
13	surance benefits for the month preceding the first
14	month for which he was entitled to old-age insurance
15	benefits,
16	a child of such individual adopted after such individual
17	became entitled to such old-age or disability insurance
18	benefits shall be deemed not to meet the requirements
19	of clause (i) or (iii) of paragraph (1)(C) unless such
20	child—
21	"(C) is the natural child or stepchild of such
22	individual (including such a child who was legally
23	adopted by such individual), or
24	"(D) is the grandchild or stepgrandchild of
25	such individual who (i) was living in such indi-

vidual's household at the time application for child's insurance benefits was filed on behalf of such child, (ii) was legally adopted by such individual in an adoption decreed by a court of competent jurisdiction within the United States, and (iii) had not attained the age of 18 before he began living with such individual, or

"(E)(i) was legally adopted by such individual in an adoption decreed by a court of competent jurisdiction within the United States,

"(ii) was living with such indivdual in the United States and receiving at least one-half of his support from such individual (I) if he is an individual referred to in subparagraph (A), for the year immediately before the month in which such individual became entitled to old-age insurance benefits or, if such individual had a period of disability which continued until he had become entitled to old-age insurance benefits, the month in which such period of disability began, or (II) if he is an individual referred to in subparagraph (B), for the year immediately before the month in which began the period of disability of such individual which still exists at the time of adoption (or, if such child was adopted by such individual after such individual at-

1	tained age 65, the period of disability of such in-
2	dividual which existed in the month preceding the
3	month in which he attained age 65), or the month
4	in which such individual became entitled to dis-
5	ability insurance benefits, and
6	"(iii) had not attained the age of 18 before he
7	began living with such individual.
8	In the case of a child who was born in the one-year
9	period during which such child must have been living
0	with and receiving one-half of his support from such in-
1	dividual, such child shall be deemed to meet such re-
2	quirements for such period if, as of the close of such
3	period, such child has lived with such individual in the
4	United States and received at least one-half of his sup-
5	port from such individual for substantially all of the
.6	period which begins on the date of birth of such child."
.7	(b) The amendments made by subsection (a) shall
.8	apply with respect to monthly benefits payable under title
.9	II of the Social Security Act for months after December
0	1970, but only on the basis of applications filed after the
21	date of enactment of this Act.
22	INCREASE OF EARNINGS COUNTED FOR BENEFIT AND
23	TAX PURPOSES
24	SEC. (100)122. 117. (a) (1) (A) Section 209 (a) (5)
25	of the Social Security Act is amended by inserting "and prior

26 to 1971" after "1967".

- 1 (B) Section 209 (a) of such Act is further amended by
- 2 adding at the end thereof the following new paragraphs:
- 3 "(6) That part of remuneration which, after remunera-
- 4 tion (other than remuneration referred to in the succeeding
- 5 subsections of this section) equal to \$9,000 with respect to
- 6 employment has been paid to an individual during any calen-
- 7 dar year after 1970 and prior to 1973, is paid to such indi-
- 8 vidual during any such calendar year;
- 9 "(7) That part of remuneration which, after remunera-
- 10 tion (other than remuneration referred to in the succeeding
- 11 subsections of this section) equal to the contribution and
- 12 benefit base (determined under section 230) with respect
- 13 to employment has been paid to an individual during any
- 14 calendar year after 1972 with respect to which such contri-
- bution and benefit base is effective, is paid to such individual
- 16 during such calendar year;".
- 17 (2) (A) Section 211 (b) (1) (E) of such Act is
- 18 amended by inserting "and beginning prior to 1971" after
- 19 "1967", and by striking out "; or" and inserting in lieu
- 20 thereof "; and ".
- 21 (B) Section 211 (b) (1) of such Act is further amended
- 22 by adding at the end thereof the following new subpara-
- 23 graphs:
- 24 "(F) For any taxable year beginning after
- 25 1970 and prior to 1973, (i) \$9,000, minus (ii) the

- amount of the wages paid to such individual during the taxable year; and
- "(G) For any taxable year beginning in any calendar year after 1972, (i) an amount equal to the contribution and benefit base (as determined under section 230) which is effective for such calendar year, minus (ii) the amount of the wages paid to such individual during such taxable year; or".
- (3) (A)Section 213 (a) (2) (ii) of such Act is 10 amended by striking out "after 1967" and inserting in lieu 11 thereof "after 1967 and before 1971, or \$9,000 in the case 12 of a calendar year after 1970 and before 1973, or an amount 13 equal to the contribution and benefit base (as determined 14 under section 230) in the case of any calendar year after 15 16 1972 with respect to which such contribution and benefit base is effective". 17
- 18 (B) Section 213 (a) (2) (iii) of such Act is amended by striking out "after 1967" and inserting in lieu thereof 19 20 "after 1967 and beginning before 1971, or \$9,000 in the 21 case of a taxable year beginning after 1970 and before 1973, 22 or in the case of any taxable year beginning in any calendar 23 year after 1972, an amount equal to the contribution and 24 benefit base (as determined under section 230) which 25 is effective for such calendar year".

1	(4) Section 215 (e) (1) of such Act is amended by
2	striking out "and the excess over \$7,800 in the case of any
3	calendar year after 1967" and inserting in lieu thereof "the
4	excess over \$7,800 in the case of any calendar year after
5	1967 and before 1971, the excess over \$9,000 in the case
6	of any calendar year after 1970 and before 1973, and the
7	excess over an amount equal to the contribution and bene-
8	fit base (as determined under section 230) in the case of
9	any calendar year after 1972 with respect to which such
10	contribution and benefit base is effective".
Ł1	(b) (1) (A) Section 1402 (b) (1) (E) of the Internal
12	Revenue Code of 1954 (relating to definition of self-em-
13	ployment income) is amended by inserting "and beginning
14	before 1971" after "1967", and by striking out "; or" and
15	inserting in lieu thereof "; and".
16	(B) Section 1402 (b) (1) of such Code is further
17	amended by adding at the end thereof the following new
18	subparagraphs:
19	"(F) for any taxable year beginning after 1970
20	and before 1973, (i) \$9,000, minus (ii) the amount
21	of the wages paid to such individual during the tax-
22	able year; and
23	"(G) for any taxable year beginning in any
24	calendar year after 1972, (i) an amount equal to
25	the contribution and benefit base (as determined

- under section 230 of the Social Security Act) which
  is effective for such calendar year, minus (ii) the
  amount of the wages paid to such individual during
  such taxable year; or".
- 5 (2) (A) Section 3121 (a) (1) of such Code (relating 6 to definition of wages) is amended by striking out "\$7,800" 7 each place it appears and inserting in lieu thereof "\$9,000".
- (B) Effective with respect to remuneration paid after 8 1972, section 3121 (a) (1) of such Code is amended (1) by 9 striking out "\$9,000" each place it appears and inserting in 10 lieu thereof "the contribution and benefit base (as deter-11 mined under section 230 of the Social Security Act)", and 12 (2) by striking out "by an employer during any calendar 13 year", and inserting in lieu thereof "by an employer during 14 15 the calendar year with respect to which such contribution
- 17 (3) (A) The second sentence of section 3122 of such 18 Code (relating to Federal service) is amended by striking 19 out "\$7,800" and inserting in lieu thereof "\$9,000".

and benefit base is effective".

16

- 20 (B) Effective with respect to remuneration paid after 21 1972, the second sentence of section 3122 of such Code is 22 amended by striking out "\$9,000" and inserting in lieu 23 thereof "the contribution and benefit base".
- 24 (4) (A) Section 3125 of such Code (relating to returns 25 in the case of governmental employees in Guam, American H.R. 17550—6

- 1 Samoa, and the District of Columbia) is amended by striking
- 2 out "\$7,800" where it appears in subsections (a), (b), and
- 3 (c) and inserting in lieu thereof "\$9,000".
- 4 (B) Effective with respect to remuneration paid after
- 5 1972, section 3125 of such Code is amended by striking out
- 6 "\$9,000" where it appears in subsections (a), (b), and
- 7 (c) and inserting in lieu thereof "the contribution and bene-
- 8 fit base".
- 9 (5) Section 6413 (c) (1) of such Code (relating to
- 10 special refunds of employment taxes) is amended—
- 11. (A) by inserting "and prior to the calendar year
- 12 1971" after "after the calendar year 1967";
- 13 (B) by inserting after "exceed \$7,800" the fol-
- lowing: "or (E) during any calendar year after the
- calendar year 1970 and prior to the calendar year 1973,
- the wages received by him during such year exceed
- \$9,000, or (F) during any calendar year after 1972,
- the wages received by him during such year exceed the
- contribution and benefit base (as determined under sec-
- 20 tion 230 of the Social Security Act) which is effective
- with respect to such year,"; and
- (C) by inserting before the period at the end
- thereof the following: "and before 1971, or which ex-
- ceeds the tax with respect to the first \$9,000 of such
- wages received in such calendar year after 1970 and

- 1 before 1973, or which exceeds the tax with respect to
- an amount of such wages received in such calendar year
- after 1972 equal to the contribution and benefit base
- 4 (as determined under section 230 of the Social Security
- 5 Act) which is effective with respect to such year".
- 6 (6) Section 6413 (c) (2) (A) of such Code (relating
- 7 to refunds of employment taxes in the case of Federal em-
- 8 ployees) is amended by striking out "or \$7,800 for any
- 9 calendar year after 1967" and inserting in lieu thereof
- 10 "\$7,800 for the calendar year 1968, 1969, or 1970, or
- 11 \$9,000 for the calendar year 1971 or 1972, or an amount
- 12 equal to the contribution and benefit base (as determined
- 13 under section 230 of the Social Security Act) for any
- 14 calendar year after 1972 with respect to which such con-
- 15 tribution and benefit base is effective".
- 16 (7) (A) Section 6654 (d) (2) (B) (ii) of such Code
- 17 (relating to failure by individual to pay estimated income
- 18 tax) is amended by striking out "\$6,600" and inserting in
- 19 lieu thereof "\$9,000".
- 20 (B) Effective with respect to taxable years beginning
- 21 after 1972, section 6654 (d) (2) (B) (ii) of such Code is
- 22 amended by striking out "\$9,000" and inserting in lieu
- 23 thereof "the contribution and benefit base (as determined
- <sup>24</sup> under section 230 of the Social Security Act)".

- 1 (c) The amendments made by subsections (a) (1)
- 2 and (a) (3) (A), and the amendments made by subsec-
- 3 tion (b) (except paragraphs (1) and (7) thereof), shall
- 4 apply only with respect to remuneration paid after Decem-
- 5 ber 1970. The amendments made by subsections (a) (2),
- 6 (a) (3) (B), (b) (1), and (b) (7) shall apply only with
- 7 respect to taxable years beginning after 1970. The amend-
- 8 ment made by subsection (a) (4) shall apply only with
- 9 respect to calendar years after 1970.
- 10 (101) AUTOMATIC ADJUSTMENT OF THE CONTRIBUTION
- 11 AND BENEFIT BASE
- 12 SEC. 123. (a) Title H of the Social Security Act is
- 13 amended by adding at the end thereof the following new
- 14 section:
- 15 "AUTOMATIC ADJUSTMENT OF THE CONTRIBUTION
- 16 AND BENEFIT BASE
- 17 "SEC. 230. (a) On or before November 1 of 1972 and
- 18 each even-numbered year thereafter, the Secretary shall de-
- 19 termine and publish in the Federal Register the contribution
- and benefit base (as defined in subsection (b)) for the first
- 21 two calendar years following the year in which the deter-
- 22 mination is made.
- 23 "(b) The contribution and benefit base for a particular
- 24 calendar year shall be whichever of the following is the
- 25 larger:

"(1) The product of \$9,000 and the ratio of (A)
the average taxable wages of all persons for whom tax-
able wages were reported to the Secretary for the first
calendar quarter of the calendar year in which a deter-
mination under subsection (a) is made for such par-
ticular calendar year to (B) the average of the taxable
wages of all persons for whom taxable wages were re-
ported to the Secretary for the first calendar quarter of
1971, with such product, if not a multiple of \$600, being
rounded to the next higher multiple of \$600 where such
product is a multiple of \$300 but not of \$600 and to the
nearest multiple of \$600 in any other case; or

"(2) The contribution and benefit base for the calendar year preceding such particular calendar year.

"(c)-(1) When the Secretary determines and publishes in the Federal Register a contribution and benefit base (as required by subsection (a)), and

"(A) such base is larger than the contribution and benefit base in effect for the year in which the larger base is so published, and

"(B) a revised table of benefits is not required to be published in the Federal Register under the provisions of section 215 (i) (2) (C) which extends such table for such larger base on or before the effective date of such base,

- 1 then the Secretary shall publish a revised table of benefits
- 2 (determined under the provisions of paragraph (2)) in the
- 3 Federal Register on or before December 1 of the year prior
- 4 to the effective year of the new contribution and benefit
- 5 base. Such table shall be deemed to be the table appearing
- 6 in section 215 (a).
- 7 "(2) The revision of such table shall be determined as
- 8 follows:
- 9 "(A) All of the amounts on each line of columns I,
- 10 II, III, and IV, except the largest amount in column
- 11 III, of the table in effect before the revision, shall be
- the same in the revised table; and
- 13 "(B) The additional amounts for the extension of
- eolumns III and IV, and the amounts for purposes of
- 15 column V, shall be determined in accordance with the
- provisions of section 215 (i) (2) (C) (v) and (vi).
- 17 "(3) When a revised table of benefits, prepared under
- 18 the provisions of paragraph (2), becomes effective, the pro-
- 19 visions of section 215 (b) (4) and (c) and of section 203
- 20 (a) (4) shall be disregarded; and the amounts that are added
- 21 to columns III and IV, or are changed in or added to
- 22 column V, by such revised table, shall be applicable only in
- 23 the case of an insured individual—
- 24 "(A) who becomes entitled, after December of the
- 25 year immediately preceding the effective year of the

- increased contribution and benefit base (provided by
  this section), to benefits under section 202 (a) or section 223;
- 4 "(B) who dies after December of such preceding
  5 year without being entitled to benefits under section
  6 202-(a) or section 223; or
- 7 "(C) whose primary insurance amount is required
  8 to be recomputed under section 215 (f) (2)."
- 9 (b) (1) Section 201 (c) of the Social Security Act is 10 amended by inserting before the last sentence the following 11 new sentence: "The report shall further include a recom-12 mendation as to the appropriateness of the tax rates in 13 sections 1401(a), 3101(a), and 3111(a) of the Internal 14 Revenue Code of 1954 which will be in effect for the fol-15 lowing calendar year, made in the light of the need for the 16 estimated income in relationship to the estimated outgo of 17 the Trust Funds during such year."
- 18 (2) Section 1817 (b) of such Act is amended by insert-19 ing before the last sentence the following new sentence: 20 "The report shall further include a recommendation as to 21 the appropriateness of the tax rates in sections 1401(b), 22 3101(b), and 3111(b) of the Internal Revenue Code of 23 1954 which will be in effect for the following calendar year 24 made in the light of the need for the estimated income in 25 relationship to the estimated outgo of the Trust Fund during 26 such year."

CHANGES IN TAX SCHEDULES

## SEC. (102)<del>124.</del> 118. (a) (1) Section 1401 (a) of the In-2 ternal Revenue Code of 1954 (relating to rate of tax on self-3 employment income for purposes of old-age, survivors, and 4 disability insurance) is amended by striking out paragraphs 5 (103)(2), (3), (3) and (4) and inserting in lieu thereof 6 the following: 7 "(104)(2) (3) in the case of any taxable year be-8 ginning after December 31, (105) 1968 1970, and before 9 January 1, 1975, the tax shall be equal to (106)6.36.610 percent of the amount of the self-employment income for 11 such taxable year; and 12 "(107)(3) (4) in the case of any taxable year 13 beginning after December 31, 1974, the tax shall be 14 15 equal to 7.0 percent of the amount of the self-employ-16 ment income for such taxable (108) year." year. 17 (109) Such tax with respect to self-employment income for any taxable year shall be increased in accordance with the 18 19 allocation made by the Secretary of Health, Education, and Welfare under section 230(c) of the Social Security Act." 20 21 (2) Section 3101 (a) of such Code (relating to rate of tax on employees for purposes of old-age, survivors, and 22 23 disability insurance) is amended by striking out paragraphs (110)(2), (3), (3) and (4) and inserting in lieu thereof 24 25 the following:

1	"(111)(2) (3) with respect to wages received dur-
2	ing the calendar years (112)1969, 1970, 1971, 1972,
3	1973, and 1974, the rate shall be (113)4.2 4.4 persent;
4	"(114)(3) (4) with respect to wages received dur-
5	ing the calendar years 1975, 1976, 1977, 1978, and
6	1979, the rate shall be 5.0 percent; (115) and
7	(116)(5) with respect to wages received during the
8	calendar years 1980, 1981, 1982, 1983, 1984, and
9	1985, the rate shall be 5.5 percent; and
10	"(117)(4) (6) with respect to wages received after
11	December 31, (118)1979 1985, the rate shall be
12	(119)5.5 6.1 (120)percent." percent.
13	(121) Such tax with respect to wages received during any
13 14	(121) Such tax with respect to wages received during any calendar year shall be increased in accordance with the allo-
14	calendar year shall be increased in accordance with the allo-
14 15	calendar year shall be increased in accordance with the allo- cation made by the Secretary of Health, Education, and
14 15 16	calendar year shall be increased in accordance with the allo- cation made by the Secretary of Health, Education, and Welfare under section 230(c) of the Social Security Act."
14 15 16 17	calendar year shall be increased in accordance with the allocation made by the Secretary of Health, Education, and Welfare under section 230(c) of the Social Security Act."  (3) Section 3111 (a) of such Code (relating to rate of
114 115 116 117 118	calendar year shall be increased in accordance with the allocation made by the Secretary of Health, Education, and Welfare under section 230(c) of the Social Security Act."  (3) Section 3111(a) of such Code (relating to rate of tax on employers for purposes of old-age, survivors, and
114 115 116 117 118	calendar year shall be increased in accordance with the allocation made by the Secretary of Health, Education, and Welfare under section 230(c) of the Social Security Act."  (3) Section 3111(a) of such Code (relating to rate of tax on employers for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs
14 15 16 17 18 19 20 21	calendar year shall be increased in accordance with the allocation made by the Secretary of Health, Education, and Welfare under section 230(c) of the Social Security Act."  (3) Section 3111(a) of such Code (relating to rate of tax on employers for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (122)(2), (3), (3) and (4) and inserting in lieu thereof
14 15 16 17 18 19 20	calendar year shall be increased in accordance with the allocation made by the Secretary of Health, Education, and Welfare under section 230(c) of the Social Security Act."  (3) Section 3111(a) of such Code (relating to rate of tax on employers for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (122)(2), (3), (3) and (4) and inserting in lieu thereof the following:

1	"(126) (3) (4) with respect to wages paid during
2	the calendar years 1975, 1976, 1977, 1978, and 1979,
3	the rate shall be 5.0 percent; (127) and
4	(128)(5) with respect to wages paid during the
5	calendar years 1980, 1981, 1982, 1983, 1984, and
6	1985, the rate shall be 5.5 percent; and
7	"(129)(4) (6) with respect to wages paid after
8	December 31, (130)1979 1985, the rate shall be
9	(131)5.5 6.1 (132) percent." percent.
10	(133)Such tax with respect to wages received during any
11	calendar year shall be increased in accordance with the allo-
12	cation made by the Secretary of Health, Education, and Wel-
13	fare under section 230(c) of the Social Security Act."
14	(b) (1) Section 1401 (b) of such Code (relating to
15	rate of tax on self-employment income for purposes of hos-
16	pital insurance) is amended by striking out paragraphs (1)
17	through (5) and inserting in lieu thereof the following:
18	"(1) in the case of any taxable year beginning
19	after December 31, 1967, and before January 1, 1971,
20	the tax shall be equal to 0.6 percent of the amount of
21	the self-employment income for such taxable year;
22	(134) and
23	"(2) in the case of any taxable year beginning
24	after December 31, 1970, (135) and before January 1,
25	1973, the tax shall be equal to (136) 1.0 0.8 percent of

1	the amount of the self-employment income for such tax-
2	able <b>(</b> 137 <b>)</b> <del>year.''</del> <i>year;</i>
3	(138)"(3) in the case of any taxable year begin-
4	ning after December 31, 1972, and before January 1,
5	1975, the tax shall be equal to 0.9 percent of the amount
6	of the self-employment income for such taxable year;
7	"(4) in the case of any taxable year beginning after
8	December 31, 1974, and before January 1, 1980, the
9	tax shall be equal to 1.0 percent of the amount of the
10	self-employment income for such taxable year; and
1	"(5) in the case of any taxable year beginning after
2	December 31, 1979, the tax shall be equal to 1.1 percent
13	of the amount of the self-employment income for such
l <b>4</b>	taxable year."
5	(2) Section 3101 (b) of such Code (relating to rate
16	of tax on employees for purposes of hospital insurance) is
17	amended by striking out paragraphs (1) through (5) and
18	inserting in lieu thereof the following:
19	(139)"(1) with respect to wages received during the
20	calendar years 1968, 1969, and 1970, the rate shall be
21	0.6 percent; and
22	"(2) with respect to wages received after Decem-
23	ber 31, 1970, the rate shall be 1.0 percent."
24	"(1) with respect to wages received during the
25	calendar years 1968, 1969, and 1970, the rate shall be

0.6 percent;

1	"(2) with respect to wages received during the cal-
2	endar years 1971 and 1972, the rate shall be 0.8 percent;
3	"(3) with respect to wages received during the cal-
4	endar years 1973 and 1974, the rate shall be 0.9 percent;
5	"(4) with respect to wages received during the cal-
6	endar years 1975, 1976, 1977, 1978, and 1979. the
7	rate shall be 1.0 percent; and
8	"(5) with respect to wages received after December
9	31, 1979, the rate shall be 1.1 percent."
10	(3) Section 3111 (b) of such Code (relating to rate
11	of tax on employers for purposes of hospital insurance) is
12	amended by striking out paragraphs (1) through (5) and
13	inserting in lieu thereof the following:
14	(140)"(1) with respect to wages paid during the calen-
15	dar years 1968, 1969, and 1970, the rate shall be 0.6
16	percent; and
17	"(2) with respect to wages paid after December
18	31, 1970, the rate shall be 1.0 percent."
19	"(1) with respect to wages paid during the calendar
20	years 1968, 1969, and 1970, the rate shall be 0.6 per-
21	cent;
22	"(2) with respect to wages paid during the calendar
23	years 1971 and 1972, the rate shall be 0.8 percent;
24	"(3) with respect to wages paid during the calendar
25	years 1973 and 1974, the rate shall be 0.9 nercent.

1	"(4) with respect to wages paid during the calenda	ir
2	years 1975, 1976, 1977, 1978, and 1979, the rate sha	ll

- 3 be 1.0 percent; and
- 4 "(5) with respect to wages paid after December 31,
- 5 1979, the rate shall be 1.1 percent."
- 6 (c) The amendments made by subsections (a) (1) and
- 7 (b) (1) shall apply only with respect to taxable years be-
- 8 ginning after December 31, 1970. The remaining amend-
- 9 ments made by this section shall apply only with respect to
- 10 remuneration paid after December 31, 1970.
- 11 ALLOCATION TO DISABILITY INSURANCE TRUST FUND
- 12 Sec. (141) 125. 119. (a) Section 201 (b) (1) of the
- 13 Social Security Act is amended—
- 14 (1) by striking out "and (D)" and inserting in
- lieu thereof "(D)"; and
- 16 (142)(2) by striking out "after December 31, 1969,
- and so reported," and inserting in lieu thereof the fol-
- 18 lowing: "after December 31, 1969, and before Janu-
- 19 ary 1, 1971, and so reported, (E) 0.90 of 1 per centum
- 20 of the wages (as so defined) paid after December 31,
- 21 1970, and before January 1, 1975, and so reported,
- 22 (F) 1.05 per centum of the wages (as so defined)
- paid after December 31, 1974, and before January 1,
- 24 1980, and so reported, and (G) 1.15 per centum of

1	the wages (as so defined) paid after December 31,
2	1979, and so reported,".
3	(2) by striking out "after December 31, 1969, and
4	so reported," and inserting in lieu thereof the following:
5	"after December 31, 1969, and before January 1, 1971,
6	and so reported, (E) 0.90 of 1 per centum of the wages
7	(as so defined) paid after December 31, 1970, and before
8	January 1, 1972, and so reported, (F) 0.95 of 1 per
9	centum of the wages (as so defined) paid after December
10	31, 1971, and before January 1, 1975, and so reported,
11	(G) 1.05 per centum of the wages (as so defined) paid
12	after December 31, 1974, and before January 1, 1980,
13	and so reported, (H) 1.35 per centum of the wages (as
14	so defined) paid after December 31, 1979, and before
15	January 1, 1986, and so reported, and (I) 1.45 per
16	centum of the wages (as so defined) paid after Decem-
17	ber 31, 1985, and so reported,".
18	(b) Section 201 (b) (2) of such Act is amended—
19	(1) by striking out "and (D)" and inserting in
20	lieu thereof "(D)"; and
21	(143)(2) by inserting after "December 31, 1969," the
22	following: "and before January 1, 1971, (E) 0.675 of
23	1 per centum of the amount of self-employment income
24	(as so defined) so reported for any taxable year begin-
25	ning after December 31, 1970, and before Tonuary 1

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1975, (F) 0.7875 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1974, and before January 1, 1980, and (G) 0.8625 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1979,".

(2) by inserting after "December 31, 1969", the following: "and before January 1, 1971, (E) 0.675 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1970, and before January 1, 1972, (F) 0.7125 of 1 per centum of the amount of selfemployment income (as so defined) so reported for any taxable year beginning after December 31, 1971, and before January 1, 1975, (G) 0.7350 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1974, and before January 1, 1980, (H) 0.8600 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1979, and before January 1, 1986, and (I) 0.8300 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1985,".

(144) INCREASE OF AMOUNTS IN TRUST FUNDS AVAIL-2 ABLE TO PAY COSTS OF REHABILITATION SERVICES 3 SEC. 120. The first sentence of section 222(d)(1) of the Social Security Act (as amended by section 107(b)(4) of 5 this Act) is further amended by striking out "except that the total amount so made available pursuant to this subsection in any fiscal year may not exceed 1 percent of the total of the benefits under section 202(d) for children who have attained age 18 and are under a disability" and inserting in 10 lieu thereof the following: "except that the total amount 11 so made available pursuant to this subsection may not 12 exceed— "(i) 1 percent in the fiscal year ending June 30, 13 14 1971. 15 "(ii) 1.25 percent in the fiscal year ending June 30, 16 1972. 17 "(iii) 1.5 percent in the fiscal year ending June 30, 18 1973, and thereafter, 19 of the total of the benefits under section 202(d) for children 20 who have attained age 18 and are under a disability". 21 (145) SELF-EMPLOYMENT INCOME OF CERTAIN INDIVID-22 UALS TEMPORARILY LIVING OUTSIDE THE UNITED 23 STATES 24 SEC. 121. (a) Section 211(a) of the Social Security Act 25 is amended-

1	(1) by striking out "and" at the end of paragraph
2	(8);
3	(2) by striking out the period at the end of para-
4	graph (9) and inserting in lieu thereof "; and"; and
5	(3) by inserting after paragraph (9) the following
6	new paragraph:
7	"(10) In the case of an individual who has been
8.	a resident of the United States during the entire taxable
9	year, the exclusion from gross income provided by sec-
.0	tion 911(a)(2) of the Internal Revenue Code of 1954
1	shall not apply."
2	(b) Section 1402(a) of the Internal Revenue Code of
.3	1954 (relating to definition of net earnings from self-em-
l <b>4</b>	ployment) is amended—
15	(1) by striking out "and" at the end of paragraph
16	(9);
17	(2) by striking out the period at the end of para-
18	graph (10) and inserting in lieu thereof "; and"; and
19	(3) by inserting after paragraph (10) the follow-
20	ing new paragraph:
21	"(11) in the case of an individual who has been
22	a resident of the United States during the entire taxable
23	year, the exclusion from gross income provided by sec-
24	tion 911(a)(2) shall not apply"

1	(c) The amendments made by this section shall apply
2	with respect to taxable years beginning after December 31,
3	1970.
4	(146)MODIFICATION OF AGREEMENT WITH NEBRASKA
5	WITH RESPECT TO CERTAIN STUDENTS AND CERTAIN
6	PART-TIME EMPLOYEES
7	Sec. 122. (a) Notwithstanding any provision of section
8	218 of the Social Security Act, the agreement with the
9	State of Nebraska or any modifications thereof entered into
10	pursuant to such section may, at the option of such State
11	be modified at any time prior to January 1, 1973, so as to
12	exclude either or both of the following:
13	(1) service in any class or classes of part-time
14	positions; or
<b>1</b> 5	(2) service performed in the employ of a school
16	college, or university if such service is performed by a
17	student who is enrolled and is regularly attending classes
18	at such school, college, or university.
19	(b) Any modification of such agreement pursuant to
20	this section shall be effective with respect to services per-
21	formed after the end of the calendar quarter following the
22	calendar quarter in which such agreement is modified.
23	(c) If any such modification terminates coverage with
24	respect to service in any class or classes of part-time posi-
25	tions in any coverage group the Secretary of Health Edu-

cation, and Welfare and the State may not thereafter modify

1	such agreement so as to again make the agreement appli-
2	cable to service in such positions in such coverage group,
3	if such modification terminates coverage with respect to
4	service performed in the employ of a school, college, or uni-
5	versity, by a student who is enrolled and regularly attending
6	classes at such school, college, or university, the Secretary of
7	Health, Education, and Welfare and the State may not there-
8	after modify such agreement so as to again make the agree-
9	ment applicable to such service performed in the employ of

11 (147) TEMPORARY EMPLOYEES OF THE GOVERNMENT OF

12 GUAM

such school, college, or university.

13 SEC. 123. (a) Section 210(a)(7) of the Social Se14 curity Act is amended by striking out "or" after subpara15 graph (C) and by striking out the semicolon after subpara16 graph (D) and inserting in lieu thereof ", or", and by
17 adding the following new subparagraph:

"(E) service (except service performed by an elected official or a member of the legislature) performed in the employ of the government of Guam (or any instrumentality which is wholly owned by such government) by an employee properly classified as a temporary or intermittent employee, if such service is not covered by a returement system established by a law of Guam; except that (i) the provisions of this subparagraph shall not be applicable to services performed in a hospital or penal

- 1 institution by a patient or inmate thereof, and (ii) for
- 2 purposes of this subparagraph, clauses (i) and (ii) of
- 3 subparagraph (C) shall apply;".
- 4 (b) Section 3121(b)(7) of the Internal Revenue Code
- 5 of 1954 is amended by striking out "or" after subparagraph
- 6 (B), and by striking out the semicolon at the end of sub-
- 7 paragraph (C) and inserting in lieu thereof ", or", and
- 8 by adding the following new subparagraph:
- 9 "(D) service (except service performed by an elected
- official or a member of the legislature) performed in
- 11 the employ of the government of Guam (or any instru-
- mentality which is wholly owned by such government)
- by an employee properly classified as a temporary or
- intermittent employee, if such service is not covered by a
- retirement system established by a law of Guam; except
- that (i) the provisions of this subparagraph shall not be
- applicable to services performed in a hospital or penal
- institution by a patient or inmate thereof, and (ii) for
- institution og a pattent of inmate thereof, and (ti) for
- 19 purposes of this subparagraph, clauses (i) and (ii) of
- subparagraph (B) shall apply;".
- (c) The amendments made by this section shall apply
- with respect to service performed after December 31, 1970.
- 23 (148) CHILD BENEFITS IN CASE OF A CHILD ENTITLED TO
- 24 SUCH BENEFITS ON MORE THAN ONE WAGE RECORD
- 25 SEC. 124. (a) Section 202(k)(2)(A) of the Social
- <sup>26</sup> Security Act is amended to read as follows:

1	"(2)(A) Any child who under the preceding provi-
2	sions of this section is entitled for any month to child's in-
3	surance benefits on the wages and self-employment income
4	of more than one insured individual shall, notwithstanding
5	such provisions, be entitled to only one of such child's in-
6	surance benefits for such month. Such child insurance benefits
7	for such month shall be based on the wages and self-employ-
8	ment of—

9 "(i) the insured individual who has the greatest
10 primary insurance amount, or

"(ii) an insured individual not included under clause (i), but only if (I) it results in larger child's insurance benefits (after the application of section 203 (a) but without regard to any deductions under sections 203 and 222(b)) for such month and (II) would not result in smaller benefits (after the application of section 203(a) but without regard to any deductions under sections 203 and 222(b) for such month for any other person entitled to benefits based on the wages and self-employment income of the insured individual referred to in this clause.

Where there is more than one insured individual with respect to whom the provisions of clause (ii) are applicable for such month, such child's insurance benefits for such month shall be based on the wages and self-employment income of

1	the insured individual which results in the highest child's
2	insurance benefits."
3	(b) The amendments made by the preceding subsection
4	shall apply with respect to monthly benefits under title II
5	of such Act for months after December 1970.
6	(149) RECOMPUTATION OF BENEFITS BASED ON COMBINED
7	RAILROAD AND SOCIAL SECURITY EARNINGS
8	Sec. 125. (a) Subsection (f) of section 215 of the
9	Social Security Act is amended by—
10	(1) striking out subparagraph (B) of paragraph
11	(2) and inserting in lieu thereof the following:
12	"(B) in the case of an individual who died in such
13	year, for monthly benefits beginning with benefits for
14	the month in which he died."; and
15	(2) adding at the end the following new paragraph:
16	"(6) Upon the death after 1967 of an individual en-
17	titled to benefits under section 202(a) or section 223, if
18	any person is entitled to monthly benefits or a lump-sum
19	death payment, on the wages and self-employment income
20	of such individual, the Secretary shall recompute the de-
21	cedent's primary insurance amount, but only if the decedent
22	during his lifetime was paid compensation which was treated
23	under section 205(o) as remuneration for employment."
24	(b) Subsection (d) of section 215 of such Act is amended
25	by striking out the period at the end of paragraph (2) and

inserting in lieu thereof "or (6).".

1	(150)UNDERPAYMENTS
2	SEC. 126. Section 204(d)(7) of the Social Security Act
3	is amended by striking out ", if any" and inserting in lieu
4	thereof "or, if none, to the person or persons, if any, who
5	are determined by the Secretary, in accordance with regula-
6	tions, to be related to the deceased individual by blood, mar-
7	riage, or adoption and to be the appropriate person or persons
8	to receive payment on behalf of the estate".
9	(151) REDUCTION FROM 6 TO 4 MONTHS OF WAITING
10	PERIOD FOR DISABILITY BENEFITS
11	SEC. 127. (a) Section 223(c)(2) of the Social Security
12	Act is amended—
13	(1) by striking out "six" and inserting in lieu
14	thereof "four", and
15	(2) by striking out "eighteenth" each place it ap-
16	pears and inserting in lieu thereof "sixteenth".
17	(b) Section 202(e)(6) of such Act is amended—
18	(1) by striking out "six" and inserting in lieu there-
19	of "four",
20	(2) by striking out "eighteenth" and inserting in
21	lieu thereof "sixteenth", and
22	(3) by striking out "sixth" and inserting in lieu
23	thereof "fourth".
24	(c) Section 202(f)(7) of such Act is amended—
25	(1) by striking out "six" and inserting in lieu
26	thereof "four",

1	(2) by striking out "eighteenth" and inserting in
2	lieu thereof "sixteenth", and
3	(3) by striking out "sixth" and inserting in lieu
4	thereof "fourth".
5	(d) Section 216(i)(2)(A) of such Act is amended
6	by striking out "6" and inserting in lieu thereof "four".
7	(e) The amendments made by this section shall be
8	effective with respect to applications for disability insurance
9	benefits under section 223 of the Social Security Act, appli-
.0	cations for widow's and widower's insurance benefits based on
1	disability, and applications for disability determinations un-
2	der section 216(i) of such Act, filed—
3	(1) in or after the month in which this Act is
L <b>4</b>	enacted, or
15	(2) before the month in which this Act is enacted
16	if—
17	(A) notice of the final decision of the Sec-
18	retary of Health, Education, and Welfare has not
19	been given to the applicant before such month; or
20	(B) the notice referred to in subparagraph
21	(A) has been so given before such month but a
22	civil action with respect to such final decision is
23	commenced $under$ $section$ $205(g)$ of the $Social$
24	Security Act (whether before, in, or after such
25	month) and the decision in such civil action has
26	not become final before such month.

1	except that no monthly benefits under title II of the
2	Social Security Act shall be payable or increased by
3	reason of the amendments made by this section for
4	any month before January 1971.
5	(152) REFUND OF SOCIAL SECURITY TAX TO MEMBERS OF
6	CERTAIN RELIGIOUS GROUPS OPPOSED TO INSURANCE
7	SEC. 128. (a)(1) Section 6413 of the Internal Revenue
8	Code of 1954 (relating to special rules applicable to certain
9	employment taxes) is amended by adding at the end thereof
10	the following new subsection:
11	"(e) Special Refunds of Social Security Tax
12	TO MEMBERS OF CERTAIN RELIGIOUS FAITHS.—
13	"(1) In General.—An employee who receives
4	wages with respect to which the tax imposed by section
15	3101 is deducted during a calendar year for which an
16	authorization granted under this subsection applies shall
۱7	be entitled (subject to the provisions of section 31(b))
18	to a credit or refund of the amount of tax so deducted.
19	"(2) Authorization for credit or refund.—
20	Any individual may file an application (in such form
21	and manner, and with such official, as may be prescribed
22	by regulations under this subsection) for an authoriza-
23	tion for credit or refund of the tax imposed by section
24	3101 if he is a member of a recognized religious sect or
25	division thereof described in section 1402(h)(1) and is

an adherent of established tenets or teachings described

1	in such section of such sect or division. Such authoriza-
2	tion may be granted only if—
3	"(A) the application contains or is accom-
4	panied by evidence described in section 1402(h)
5	(1)(A) and a waiver described in section 1402
6	(h)(1)(B), and
7	"(B) the Secretary of Health, Education, and
8	Welfare makes the findings described in section
9	1402(h)(1)(C), (D), and (E).
10	An authorization may not be granted to any individual if
11	any benefit or other payment referred to in section 1402
12	(h)(1)(B) became payable (or, but for section 203 or
13	222(b) of the Social Security Act, would have become
14	payable) at or before the time of filing of such waiver.
15	"(3) Effective period of authorization.—
16	An authorization granted to any individual under this
17	subsection shall apply with respect to wages paid to such
18	individual during the period—
19	" "(A) commencing with the first day of the first
20	calendar year after 1970 throughout which such
21	individual meets the requirements specified in para-
22	graph (2) and in which such individual files ap-
23	plication for such authorization (except that if such
24	application is filed on or before the date prescribed
25	by law, including any extension thereof, for filing

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an income tax return for such individual's taxable
year, such application may be treated as having been
filed in the calendar year in which such taxable year
begins), and

"(B) ending with the first day of the calendar year in which (i) such individual ceases to meet the requirements of the first sentence of paragraph (2), or (ii) the sect or division thereof of which such individual is a member is found by the Secretary of Health, Education, and Welfare to have ceased to meet the requirements of subparagraph (B) of paragraph (2).

"(4) APPLICATION BY FIDUCIARIES OR SURVI-VORS.—If an individual who has received wages with respect to which the tax imposed by section 3101 has been deducted during a calendar year dies without having filed an application under paragraph (2), an application may be filed with respect to such individual by a fiduciary acting for such individual's estate or by such individual's survivor (within the meaning of section 205 (c)(1)(C) of the Social Security Act)."

22 (2) Section 31(b)(1) of such Code (relating to credit 23 for special refunds of social security tax) is amended by 24 striking out "section 6413(c)" and inserting in lieu thereof 25 "section 6413(c) or (e)".

- 1 (b)(1) Sections 201(g)(2) and 1817(f)(1) of the 2 Social Security Act are each amended by striking out "section
- 3 6413(c)" and inserting in lieu thereof "sections 6413 (c)
- 5 6415(c) and inserting in the a thereof sections 6415 (c)
- 4 and (e)".
- 5 (2) Section 202(v) of the Social Security Act is
- 6 amended—
- 7 (1) by inserting "(1)" after "(v)"; and
- 8 (2) by adding at the end thereof the following new
- 9 paragraph:
- 10 "(2) Notwithstanding any other provisions of this title,
- 11 in the case of any individual who files a waiver pursuant to
- 12 section 6413(e) of the Internal Revenue Code of 1954 and
- 13 is granted an authorization for credit or refund thereunder,
- 14 no benefits or other payments shall be payable under this title
- 15 to him, no payments shall be made on his behalf under part
- 16 A of title XVIII. and no benefits or other payments under
- 17 this title shall be payable on the basis of his wages and self-
- 18 employment income to any other person, after the filing of
- 19 such waiver; except that, if thereafter such individual's au-
- thorization under such section 6413(e) ceases to be effective,
- 21 such waiver shall cease to be applicable in the case of benefits
- and other payments under this title and part A of title XVIII
- <sup>23</sup> to the extent based on his wages beginning with the first day
- 24 of the calendar year for which such authorization ceases to
- 25 apply and on his self-employment income for and after his

1	taxable year which begins in or with the beginning of such
2	calendar year."
3	(153) BENEFITS FOR REMARRIED WIDOWS AND WIDOWERS
4	SEC. 129. (a) Section 202(e)(4) of the Social Security
5	Act is amended to read as follows:
6	"(4) If a widow, after attaining the age of 60, marries
7	an individual (other than one described in subparagraph
8	(A) or (B) of paragraph (3)), such marriage shall, for
9	purposes of paragraph (1), be deemed not to have occurred.
10	The amount of such widow's benefit shall be determined under
11	paragraph (2) except that, notwithstanding the provisions of
12	such paragraph (2) and subsection (q), the amount of
<b>1</b> 3	such benefit shall be equal to one-half of the primary insur-
14	ance amount of the deceased person on whose wages and
15	self-employment income such benefit is based—
16	"(A) if such individual at the time of such mar-
17	riage, or at any time thereafter, is entitled (or, with
18	respect to clause (i) or (iii) of this subparagraph, upon
19	filing proper application would be entitled) to—
20	"(i) benefits under subsection (a) (deeming
21	for such purposes, if he has not attained age 62, that
22	he has attained such age in the month in which such
23	marriage occurs),
24	"(ii) benefits under section 223, or
25	"(iii) any periodic benefits under a govern-
26	mental nameion austern (as defined in austice 999/1)

mental pension system (as defined in section 228(h)

1	(2) and (3)) (deeming for such purposes, if he has
2	not attained the required eligibility age, that he has
3	attained such age in the month in which such mar-
4	riage occurs),
5	for the month in which such marriage occurs and each
6	month thereafter prior to the month in which such indi-
7	vidual dies or such marriage is otherwise terminated, and
8	"(B) if such individual is not an individual re-
9	ferred to in subparagraph (A) of this paragraph, for
10	the first month for which he becomes entitled to any of the
1	benefits referred to in such subparagraph (A) and each
12	month thereafter prior to the month in which such indi
13	vidual dies or such marriage is otherwise terminated."
14	(b) Section 202(f)(5) of such Act is amended to reach
15	as follows:
16	"(5) If a widower, after attaining the age of 60
17	marries an individual (other than one described in subpara
18	graph (A) or (B) of paragraph (4)), such marriage shall
19	for purposes of paragraph (1), be deemed not to have
20	occurred. The amount of such widower's benefit shall be
21	determined under paragraph (3); except that, notwithstand
22	ing the provisions of such paragraph (3) and subsection (q)
23	the amount of such benefit shall be equal to one-half of the
24	primary insurance amount of the deceased person on whose
25	wages and self-employment income such benefit is based—

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1	"(A) if such individual at the time of such marriage
2	is entitled (or, with respect to clause (i) or (iii) of this
3	subparagraph, upon filing proper application would be
4	entitled) to—
5	"(i) benefits under subsection (a) (deeming for
6	such purposes, if she has not attained age 62, that she
7	has attained such age in the month in which such
8	marriage occurs),
9	"(ii) benefits under section 223, or
10	"(iii) any periodic benefits under a govern-
1	mental pension system (as defined in section 228
2	(h) (2) and (3)) (deeming for such purposes, in
3	she has not attained the required eligibility age, tha
14	she has attained such age in the month in which such
5	marriage occurs),
16	for the month in which such marriage occurs and each
17	month thereafter prior to the month in which such indi
18	vidual dies or such marriage is otherwise terminated, and
19	"(B) if such individual is not an individua
20	referred to in subparagraph (A) of this paragraph, for
21	the first month for which she becomes entitled to any of the
22	benefits referred to in such subparagraph (A) and each
23	month thereafter prior to the month in which such indi
24	vidual dies or such marriage is otherwise terminated.

(c) The amendments made by this section shall apply

- 1 with respect to monthly benefits under title II of the Social
- 2 Security Act for months after December 1970, but only on
- 3 the basis of applications filed after the date of enactment
- 4 of this Act.
- 5 (154) PAYMENT IN CERTAIN CASES OF DISABILITY INSUR-
- 6 ANCE BENEFITS WITH RESPECT TO PERIODS OF DIS-
- 7 ABILITY WHICH ENDED PRIOR TO 1968
- 8 Sec. 130. (a) If an individual would (upon the timely
- <sup>9</sup> filing of an application for a disability determination under
- 10 section 216(i) of the Social Security Act and of an appli-
- 11 cation for disability insurance benefits under section 223
- 12 of such Act) have been entitled to disability insurance bene-
- 13 fits under such section 223 for a period which began after
- 14 1959 and ended prior to 1964, such individual shall, upon
- 15 filing application for disability insurance benefits under such
- 16 section 223 with respect to such period not later than 6
- 17 months after the date of enactment of this section, be entitled,
- 18 notwithstanding any other provision of title II of the Social
- 19 Security Act, to receive in a lump-sum, as disability insur-
- 20 ance benefits payable under section 223, an amount equal
- 21 to the total amounts of disability insurance benefits which
- 22 would have been payable to him for such period if he had
- 23 timely filed such an application for a disability determination
- and such an application for disability insurance benefits with
- 25 respect to such period; but only if—

1	(1) prior to the date of enactment of this section and
2	after the date of enactment of the Social Security Amend-
3	ments of 1967, such period was determined (under section
4	216(i) of the Social Security Act) to be a period of dis-
5	ability as to such individual; and
6	(2) the application giving rise to the determination
7	(under such section 216(i)) that such period is a period
8	of disability as to such individual would not have been
9	accepted as an application for such a determination ex-
10	cept for the provisions of section $216(i)(2)(F)$ .
11	(b) No payment shall be made to any individual by
12	reason of the provisions of subsection (a) except upon the
13	basis of an application filed after the date of enactment of
14	this section.
15	(155) Automatic adjustment in benefits, wage base,
16	TAX RATES, AND EARNINGS TEST
17	Sec. 131. (a)(1) Section 215 of the Social Security
18	Act is amended by adding at the end thereof the following
19	new subsection:
20	"Cost-of-Living Increases in Benefits
21	"(i)(1) For purposes of this subsection—
22	"(A) the term 'base quarter' means the period of $3$
23	consecutive calendar months ending on June 30, 1971,
24	and the period of 3 consecutive calendar months ending
25	on June 30 of each year thereafter.

"(B) the term 'cost-of-living computation quarter' 1 means any base quarter (beginning no earlier than 2 April 1, 1972) in which the Consumer Price Index 3 prepared by the Department of Labor exceeds, by not 4 less than 3 per centum, such index in the latest of (i) 5 January 1971, or (ii) the base quarter which was most 6 recently a cost-of-living computation quarter, or (iii) the 7 8 most recent calendar month (after January 31, 1971) 9 in which a general increase (other than an increase under 10 this subsection) in the primary insurance amounts of 11 all individuals entitled to benefits under this title became 12 effective based upon an Act of Congress; and 13 "(C) the Consumer Price Index for a base quarter 14 shall be the monthly average of such index in such 15 quarter. 16 "(2)(A) If the Secretary determines that a base quarter 17 in a calendar year is also a cost-of-living computation quarter, 18 he shall, effective for January of the next calendar year, in-19 crease the benefit amount of each individual who for such 20month is entitled to benefits under section 227 or 228, and the 21primary insurance amount of each other individual as speci-22 fied in subparagraph (B) of this paragraph, by an amount 23 derived by multiplying such amount (including each such 24 individual's primary insurance amount or benefit amount 25 under section 227 or 228 as previously increased under this

- 1 subparagraph) by the same percentage (rounded to the next
- 2 higher one-tenth of 1 percent if such percentage is an odd
- 3 multiple of .05 of 1 percent and to the nearest one-tenth of
- 4 1 percent in any other case) as the percentage by which the
- 5 Consumer Price Index for such cost-of-living computation
- 6 quarter exceeds such Index for the base quarter determined
- 7 after the application of paragraph (1)(B).
- 8 "(B) The increase provided by subparagraph (A) with
- 9 respect to a particular cost-of-living computation quarter
- 10 shall apply in the case of monthly benefits under this title for
- 11 months after December of the calendar year in which occurred
- 12 such cost-of-living computation quarter, based on the wages
- 13 and self-employment income of an individual who became
- 14 entitled to monthly benefits under section 202, 223, 227, or
- 15 228 (without regard to section 202(j)(1) or section 223(b)),
- 16 or who died, in or before December of such calendar year.
- "(C) Notwithstanding the provisions of subparagraphs
- 18 (A) and (B), the increase provided by subparagraph (A)
- with respect to a particular cost-of-living computation quarter
- 20 shall not be effective as provided in such subparagraph (A)
- 21 if in the calendar year in which such cost-of-living computa-
- <sup>22</sup> tion quarter occurs a law has been enacted which pro-
- <sup>23</sup> vides for (i) a general increase in the primary insurance
- <sup>24</sup> amounts of all individuals entitled to benefits under this title,
- or (ii) a change in the rate of tax on wages and self-employ-

- 1 ment income under the Internal Revenue Code of 1954 for
- 2 old-age, survivors, and disability insurance, or (iii) an in-
- 3 crease in the amount of earnings of individuals that may be
- 4 counted for benefits under this title and that may be taxed
- 5 under the Internal Revenue Code of 1954 for old-age, sur-
- 6 vivors, and disability insurance.
- 7 "(D) Except as may be provided in subparagraph (C).
- 8 if the Secretary determines that a base quarter in a calendar
- 9 year is also a cost-of-living computation quarter, he shall pub-
- 10 lish in the Federal Register on or before August 15 of such
- 11 calendar year a determination that a benefit increase is re-
- 12 sultantly required and the percentage thereof. He shall also
- 13 publish in the Federal Register at that time (along with the
- 14 increased benefit amounts which shall be deemed to be the
- 15 amounts appearing in sections 227 and 228) a revision of
- 16 the table of benefits contained in subsection (a) of this section
- 17 (as it may have been revised previously pursuant to this
- 18 paragraph); and such revised table shall be deemed to be the
- 19 table appearing in such subsection (a). Such revision shall be
- 20 determined as follows:
- "(i) The headings of the table shall be the same as the
- headings in the table immediately prior to its revision, except
- that the parenthetical phrase at the beginning of column II
- 24 shall show the effective date of the primary insurance amounts

- 1 set forth in column IV of the table immediately prior to its
- 2 revision.
- 3 "(ii) The amounts on each line of column I, and the
- 4 amounts on each line of column III, except as otherwise pro-
- 5 vided by clause (v) of this subparagraph, shall be the same
- 6 as the amounts appearing in such column in the table immedi-
- 7 ately prior to its revision.
- 8 "(iii) The amount on each line of column II shall be
- 9 changed to the amount shown on the corresponding line of col-
- 10 umn IV of the table immediately prior to its revision.
- "(iv) The amount of each line of columns IV and V
- 12 shall be increased from the amount shown in the table im-
- 13 mediately prior to its revision by increasing such amount by
- 14 the percentage specified in subparagraph (A) of paragraph
- 15 (2), raising each such increased amount, if not a multiple of
- \$0.10, to the next higher multiple of \$0.10.
- "(v) Columns III, IV, and V shall be extended. The
- 18 amount in each additional line of column III shall be deter-
- 19 mined so that the second figure in the last line of column III
- 20 is one-twelfth of the contribution and benefit base for the cal-
- 21 endar year following the calendar year in which the table of
- 22 benefits is revised, and the amounts on each additional line of
- 23 column III shall be the amount on the preceding line increased
- by \$5. The amount on each additional line of column IV shall
- be the amount on the preceding line increased by \$1.00, until

1	the amount on the last line of such column is equal to the last
2	line of such column as determined under clause (iv) plus 20
3	percent of one-twelfth of the excess of the contribution and
4	benefit base for the calendar year following the calendar year
5	in which the table of benefits is revised over such base for
6	the calendar year in which the table of benefits is revised. The
7	amount in each additional line of column V shall be 175
8	percent of the amounts appearing on the same line in column
9	IV. Any such increased amount that is not a multiple of \$0.10
10	shall be increased to the next higher multiple of \$0.10."
11	(2) Section 203(a) of such Act (as amended by sec-
12	tion 101(b) of this Act) is further amended—
13	(A) by striking out the period at the end of para-
14	graph (3) and inserting in lieu thereof ", or", and in-
15	serting after paragraph (3) the following new para-
16	graph:
17	"(4) when two or more persons are entitled (with-
18	out the application of section 202(j)(1) and section 223
19	(b)) to monthly benefits under section 202 or 223 for
20	December of the calendar year in which occurs a cost-of-
21	living computation quarter (as defined in section 215(i)
22	(1)) on the basis of the wages and self-employment in-
23	come of such insured individual, such total of benefits
24	for months following such December shall be reduced to
25	not less than the amount equal to the sum of the amounts

- derived by increasing the benefit amount determined 1 2 under this title (including this subsection, but without the 3 application of section 222(b), section 202(q), and subsections (b), (c), and (d) of this section) as in effect for 4 5 such December for each such person by the same percent-6 age as the percentage by which such individual's primary 7 insurance amount (including such amount as previously 8 increased) is increased under section 215(i)(2) for 9 such month immediately following, and raising each such 10 increased amount (if not a multiple of \$0.10) to the 11 next higher multiple of \$0.10."; and
- (B) by striking out "the table in section 215(a)" in
  the matter preceding paragraph (1) and inserting in
  lieu thereof "the table in (or deemed to be in) section
  215(a)".
- 16 (3)(A) Section 215(a) of such Act is amended by
  17 striking out the matter which precedes the table and insert18 ing in lieu thereof the following:
- "(a) The primary insurance amount of an insured individual shall be the amount in column IV of the following table, or, if larger, the amount in column IV of the latest table deemed to be such table under subsection (i) (2) (2) (D), determined as follows:
- 24 "(1) Subject to the conditions specified in subsections
  25 (b), (c), and (d) of this section and except as provided

1	in paragraph (2) of this subsection, such primary
2	insurance amount shall be whichever of the following
3	amounts is the largest:
4	"(i) The amount in column IV on the line on
5	which in column III of such table appears his aver-
6	age monthly wage (as determined under subsection
7	(b));
8	"(ii) The amount in column IV on the line on
9	which in column II of such table appears his pri-
10	mary insurance amount (as determined under sub-
11	section (c)); or
12	"(iii) The amount in column IV on the line on
13	which in column I of such table appears his primary
14	insurance benefit (as determined under subsection
15	(d)).
16	"(2) In the case of an individual who was entitled
17	to a disability insurance benefit for the month before the
18	month in which he died, became entitled to old-age insur-
19	ance benefits, or attained age 65, such primary insurance
20	amount shall be the amount in column IV which is equal
21	to the primary insurance amount upon which such disa-
22	bility insurance benefit is based, except that, if such
23	individual was entitled to a disability insurance benefit
24	under section 223 for the month before the effective
25	month of a new table and in the following month became

1	entitled to an old-age insurance benefit, or he died in
2	such following month, then his primary insurance amount
3	for such following month shall be the amount in column
4	IV of the new table on the line on which in column II of
5	such table appears his primary insurance amount for
6	the month before the effective month of the table (as
7	determined under subsection (c)) instead of the amount
8	in column IV equal to the primary insurance amount
9	on which his disability insurance benefit is based."
10	(B) Effective January 1, 1973, section $215(b)(4)$ of
11	such Act (as amended by section 101(c) of this Act) is
12	amended to read as follows:
13	"(4) The provisions of this subsection shall be applicable
14	only in the case of an individual—
15	"(A) who becomes entitled in or after the effective
16	month of a new table that appears in (or is deemed by
17	subsection (i)(2)(D) to appear in) subsection (a) to
18	benefits under section 202(a) or section 223; or
19	"(B) who dies in or after such effective month with-
20	out being entitled to benefits under section 202(a) or
21	section 223; or
22	"(C) whose primary insurance amount is required
23	to be recomputed under subsection (f)(2) or (6)."
24	(C) Effective January 1, 1973, section 215(c) of such
25	Act (as amended by section 101(d) of this Act) is amended

to read as follows:

- 1 "Primary Insurance Amount Under Prior Provisions
- 2 "(c)(1) For the purposes of column II of the table
- 3 that appears in (or is deemed to appear in) subsection (a)
- 4 of this section, an individual's primary insurance amount
- 5 shall be computed on the basis of the law in effect prior to the
- 6 effective month of the latest such table.
- 7 "(2) The provisions of this subsection shall be applicable
- 8 only in the case of an individual who became entitled to bene-
- 9 fits under section 202(a) or section 223, or who died, before
- 10 such effective month."
- 11 (D) Section 215(f)(2) of such Act is amended by
- 12 striking out "(a) (1) and (3)" and inserting in lieu thereof
- 13 "(a)(1) (i) and (ii)".
- 14 (4) Sections 227 and 228 of such Act (as amended by
- 15 sections 102 and 104 of this Act) are amended by striking
- 16 out "\$48.30" wherever it appears and inserting in lieu
- 17 thereof "the larger of \$48.30 or the amount most recently
- 18 established in lieu thereof under section 215(i)", and by
- 19 striking out "\$24.20" wherever it appears and inserting in
- 20 lieu thereof "the larger of \$24.20 or the amount most re-
- 21 cently established in lieu thereof under section 215(i)".
- (b) (1) Title II of the Social Security Act is amended
- 23 by adding at the end thereof the following new section:
- 24 "ADJUSTMENT OF THE TAX AND BENEFIT BASE
- 25 "Sec. 230. (a) If the Secretary determines pursuant

to subsection (i) of section 215 that an increase in benefits provided by subparagraph (A) of such subsection applies 2 in the case of monthly benefits under sections 202 and 223 3 for months of a calendar year immediately following a cost-4 of-living computation quarter he shall also estimate the long-5 range additional level-cost (without regard to any estimated 6 actuarial surplus which may exist at such time) of such 7 8 benefits. He shall also determine the increase that is necessary 9 in (1) the amount of earnings that may be taxed under the 10 Internal Revenue Code of 1954 for old-age, survivors, and 11 disability insurance and (2) the rate of tax specified in sec-12 tions 1401(a), 3101(a), and 3111(a) of the Internal Reve-13 nue Code of 1954, to meet the total of such level cost and the 14 cost (not previously taken into account under this subsection) 15 of increasing the exempt amount pursuant to section 203(f) 16 (8) for years prior to the year in which such increase in 17 benefits becomes effective where one-half (or approximately 18 one-half) of such total is to be met by the increase specified in 19 clause (1) and the remainder is to be met by the increase 20 specified in clause (2). 21 "(b) The contribution and benefit base for the calendar 22 year referred to in subsection (a) and all succeeding calen-23 dar years, prior to the first calendar year thereafter in which 24 an increase in benefits authorized by subsection (i) of section

215 becomes effective, shall be the sum of the amount of

earnings of individuals that may be counted for benefits under this title and that may be taxed under the Internal Revenue Code of 1954 for old-age, survivors, and disability insurance with respect to the calendar year immediately preceding the calendar year referred to in subsection (a) and the increase referred to in subsection (a), with such sum, if not a multi-ple of \$300, being rounded to the nearest multiple of \$300; except that-

- "(1) if prior to such first calendar year a law is enacted which provides that for any calendar year a different amount of earnings may be so counted and may be so taxed, such different amount shall be the contribution and benefit base for the calendar years specified in such law but only until the first calendar year thereafter in which an increase in benefits is authorized by subsection (i) of section 215; and
- "(2) the contribution and benefit base for any year after 1972 and prior to the first calendar year in which the first increase in benefits pursuant to section 215(i) becomes effective shall be \$9,000 or (if applicable) such other amount as may be specified in a law enacted subsequent to the Social Security Amendments of 1970.
- 23 "(c) The Secretary shall allocate the increase specified 24 in clause (2) of subsection (a) of this section among the

- rates of tax specified in sections 1401(a), 3101(a) and 3111 1 (a) of the Internal Revenue Code of 1954 so that— 2 "(A) the rate of tax under section 3101(a) of such 3 Code with respect to wages (as defined in section 3121 4 (a) of such Code) received during a calendar year is 5 equal to the rate of tax under section 3111(a) of such 6 Code with respect to wages (as defined in section 3121 7 8 (a) of such Code) received during such calendar year; "(B) the rate of tax under section 1401(a) of 9 10 such Code with respect to self-employment income (as defined in section 1402(b) of such Code) for any taxable 11 year beginning during a period specified in such section 12 13 1401(a) shall be equal to 150 percent of the rate of tax 14 under section 3101(a) of such Code with respect to wages (as defined in section 3121(a) of such Code) re-15 16 ceived during any calendar year occurring in such 17 period. 18 After such allocation, the Secretary shall round any such 19 tax rate, increased by reason of such allocation, to the near-20 est one-tenth of 1 percent.
- "(d) At the time the Secretary publishes in the Federal Register the table required by section 215(i)(1)(D), he shall also publish in such Register—
- 24 "(1) the actuarial assumptions and methodology

1	used in estimating the additional long-range level-cost re-
2	ferred to in subsection (a), and
3	"(2) the contribution and benefit base resulting pur-
4	suant to subsection (b), and
5	"(3) the amount of the increase in tax rates required
6	pursuant to such subsection (a) and the allocation of
7	such increase determined under subsection (b) (includ-
8	ing any rounding authorized by such subsection)."
9	(c) Section 203(f) of such Act is amended by adding
10	at the end thereof the following new paragraph:
11	"(8) (A) On or before November 1 of 1972 and
12	of each even-numbered year thereafter, the Secretary
13	shall determine and publish in the Federal Register the
<b>L4</b>	exempt amount as defined in subparagraph (B) for
15	each month in any individual's first two taxable years
16	which end with the close of or after the calendar year
17	following the year in which such determination is made.
18	"(B) The exempt amount for each month of a par-
19	ticular taxable year shall be whichever of the following is
20	the larger:
21	"(i) the product of \$200 and the ratio of
22	(I) the average taxable wages of all persons for
23	whom taxable wages were reported to the Secretary
24	for the first calendar quarter of the calendar year

	in which a determination under subparagraph (A)
}	is made for each such month of such particular tax-
	able year to (II) the average of the taxable wages
	of all persons for whom wages were reported to the
	Secretary for the first calendar quarter of 1971,
	with such product, if not a multiple of \$10, being
	rounded to the next higher multiple of \$10 where
	such product is an odd multiple of \$5 and to the
	nearest multiple of \$10 in any other case, or

- "(ii) the exempt amount for each month in the taxable year preceding such particular taxable year."
- 13 (156) CHILD'S INSURANCE BENEFITS NOT TO BE TERMI-
  - NATED BY REASON OF ADOPTION OF CHILD BY STEP-
- 15 GRANDPARENT

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- 16 SEC. 132. (a) Section 202(d)(1)(D) of the Social
- 17 Security Act is amended by inserting "stepgrandparent," im-
- 18 mediately after "grandparent,".
- 19 (b) Any child—
- 20 (1) whose entitlement to child's insurance benefits
  21 under section 202(d) of the Social Security Act was ter22 minated by reason of his adoption, prior to the date of
  23 enactment of this Act, by reason of his adoption by his
  24 stepgrandparent; and

1	(2) who, except for such adoption, would be entitled
2	to child's insurance benefits under such section for a
3	month after December 1970,
4	may, upon filing application for child's insurance benefits
5	under the Social Security Act after the date of enactment of
6	this Act, become reentitled to such benefits; except that no
7	child shall, by reason of the enactment of this section, become
8	reentitled to such benefits for any month prior to the month
9	of January 1971.
10	(157) TERMINATION OF COVERAGE OF REGISTRARS OF
11	VOTERS IN LOUISIANA
12	Sec. 133. (a) Notwithstanding the provisions of section
13	218(g)(1) of the Social Security Act, the Secretary may,
14	under such conditions as he deems appropriate, permit the
15	State of Louisiana to modify its agreement entered into under
16	section 218 of such Act so as to terminate the coverage of all
17	employees who are in positions under the Registrars of Voters
18	Employees' Retirement System, effective December 31, 1972,
19	but only if such State files with him notice of termination on
20	or before December 31, 1971.
21	(b) If the coverage of such employees in positions under
22	such retirement system is terminated pursuant to subsection
23	(a), coverage cannot later be extended to employees in posi-
24	tions under such retirement system.

1	(157½) WORKMEN'S COMPENSATION OFFSET FOR DIS-
2	ABILITY INSURANCE BENEFICIARIES
3	Sec. 134. (a) Section 224(a)(5) of the Social Security
4	Act is amended by striking out "80 per centum of".
5	(b) The amendment made by subsection (a) shall
6	apply with respect to monthly benefits under title II of the
7	Social Security Act for months after December 1970.
8	(158) BENEFITS FOR A CHILD ON EARNINGS RECORD OF
9	A GRANDPARENT
0	SEC. 135. (a) The first sentence of section 216(e) of
1	the Social Security Act is amended by—
2	(1) striking out "and" at the end of clause (1)
.3	thereof, and
4	(2) inserting immediately before the period at
5	the end thereof the following: ", and (3) a person who
6	is the grandchild or stepgrandchild of an individual, but
17	only if (A) such person was living in such individual's
8	household and receiving at least one-half of his support
9	from such individual, at the time application for child's
20	insurance benefits was filed on behalf of such person as
21	the child of such individual, or at the time such individual
22	died, and (B) such person began living in such indi-
23	vidual's household before such person attained age 18".
24	(b) Section 202(d) of such Act is amended by add-
25	ing at the end thereof the following new paragraph:

1	"(9) A child who is a child of an individual under
2	clause (3) of the first sentence of section 216(e) and is no
3	a child of such individual under clause (1) or (2) of such
4	first sentence shall be deemed to be dependent on such in
5	dividual at the time specified in subparagraph (1)(C) of this
6	subsection, unless at the time specified in clause (3) of such
7	first sentence such child was receiving regular contribution
8	from—
9	"(A) his natural or adopting parent, or his step
10	parent, or
11	"(B) a public or private welfare organization
12	which had placed such child in such individual's house
13	hold under a foster-care program."
14	(c) The first sentence of section 203(c) of such Act i
15	amended—
16	(1) by striking out the period at the end thereo
17	and inserting in lieu of such period "; or"; and
18	(2) by adding after and below clause (4) thereo
19	the following new clause:
20	"(5) in which such individual, if a child who is
21	entitled to child's insurance benefits on the basis of the
22	wayes and self-employment income of a person (bu
23	would not be so entitled except for application of clause

(3) of the first sentence of section 216(e)), is not in

the care of such person or the spouse of such person,

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- 1 except that the provisions of this clause shall not apply
- 2 if such person has died."
- 3 (d) The amendments made by this section shall apply
- 4 with respect to monthly benefits payable under title II of the
- 5 Social Security Act for months after December 1970, but
- 6 only on the basis of applications filed after the date of enact-
- 7 ment of this Act.
- 8 TITLE II—PROVISIONS RELATING TO MEDI-
- 9 CARE, MEDICAID, AND MATERNAL AND
- 10 CHILD HEALTH
- 11 PART A—COVERAGE UNDER MEDICARE PROGRAM
- 12 PAYMENT UNDER MEDICARE PROGRAM TO INDIVIDUALS
- 13 COVERED BY FEDERAL EMPLOYEES HEALTH BENEFITS
- 14 PROGRAM
- 15 Sec. 201. Section 1862 of the Social Security Act is
- amended by adding at the end thereof the following new sub-
- 17 section:
- "(c) No payment may be made under this title with
- 19 respect to any item or service furnished to or on behalf of
- any individual on or after January 1, 1972, if such item or
- 21 service is covered under a health benefits plan in which such
- 22 individual is enrolled under chapter 89 of title 5, United
- 23 States Code, unless prior to the date on which such item or
- 24 service is so furnished the Secretary shall have determined
- and certified that the Federal employees health benefits pro-

gram under chapter 89 of such title 5 has been modified so as 1 to assure that—

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"(1) there is available to each Federal employee or annuitant upon or after attaining age 65, in addition to the health benefits plans available before he attains such age, one or more health benefits plans which offer protection supplementing the combined protection provided under parts A and B of this title and one or more health benefits plans which offer protection supplementing the protection provided under part B of this title alone, and

"(2) the Government will make available to such Federal employee or annuitant a contribution in an amount at least equal to the contribution which the Government makes toward the health insurance of any employee or annuitant enrolled for high option coverage under the Government-wide plans established under chapter 89 of such title 5, with such contribution being in the form of (A) a contribution toward the supplementary protection referred to in paragraph (1), (B) a payment to or on behalf of such employee or annuitant to offset the cost to him of coverage under parts A and B (or part B alone) of this title, or (C) a combination of such contribution and such payment."

1	HOSPITAL INSUFANCE BENEFITS FOR UNINSURED INDI-
2	VIDUALS NOT ELIGIBLE UNDER PRESENT TRANSITIONAL
3	PROVISION
4	SEC. 202. (a) Section 103 (a) of the Social Security
5	Amendments of 1965 is amended—
6	(1) by redesignating clauses (A) and (B) in para-
7	graphs (2) and (4) as clauses (i) and (ii), respec-
8	tively, and by redesignating paragraphs (1), (2), (3),
9	(4), and (5) as subparagraphs (A), (B), (C), (D),
10	and (E), respectively;
11	(2) by striking out all that follows "Anyone
12	who" and precedes subparagraph (B) (as redesig-
13	nated by paragraph (1) of this subsection) and insert-
14	ing in lieu thereof the following:
15	"(1) (A) has attained the age of 65,";
16	(3) by adding "or" at the end of subparagraph
17	(E) (as so redesignated);
18	(4) by striking out "shall (subject to the limita-
19	tions in this section)" and all that follows down through
20	the period at the end of the first sentence and inserting
21	in lieu thereof the following:
22	"(2) (A) meets the provisions of subparagraphs
23	(A), (C), and (D) of paragraph (1),
24	"(B) (159)(i) does not meet the provisions of sub-
25	paragraph (B) of paragraph (1), (160) and or (ii) is

1	not included within the provisions of paragraph (1) of
2	this subsection by reason of the provisions of subsection
3	(b)(3) of this section, and
4	"(C) has enrolled (i) under section 1837 of the
5	Social Security Act and (ii) under subsection (d) of
6	this section,
7	shall (subject to the limitations in this section) be deemed,
8	solely for purposes of section 226 of the Social Security Act,
9	to be entitled to monthly insurance benefits under such section
10	202 for each month, beginning—
11	"(i) in the case of an individual who meets the
12	provisions of paragraph (1), with the first month in
13	which he meets the requirements of such paragraph, or
14	"(ii) in the case of an individual who meets the
15	provisions of paragraph (2), with the day on which his
16	coverage period (as provided in subsection (d))
17	begins,
18	and ending with the month in which he dies, or, if earlier,
19	the month before the month in which he becomes (or upon
20	filing application for monthly insurance benefits under sec-
21	tion 202 of such Act would become) entitled to hospital
22	insurance benefits under section 226 or (161) subsection (a)
23	(1) of this section, or becomes certifiable as a qualified rail-
24	road retirement beneficiary.";
25	(5) (A) by striking out "the preceding require-

ments of this subsection" in the second sentence and

- inserting in lieu thereof "the requirements of paragraph
- 2 (1) of this subsection" and (B) by striking out "para-
- 3 graph (5) hereof" and inserting in lieu thereof "sub-
- 4 paragraph (E) of such paragraph"; (162) and
- 5 (6) by striking out "paragraphs (1), (2), (3),
- and (4)" in the third sentence and inserting in lieu
- thereof "subparagraphs (A), (B), (C), and (D) of
- 8 paragraph (163) (1)"; and
- 9 (164)(7) by adding at the end the following new sen-
- 10 tence: "For purposes of paragraph (1) of this sub-
- section, an individual will be deemed to have met the
- 12 provisions of subparagraph (E) of such paragraph, if
- he is alive on the last day of the month in which his
- deemed entitlement by reason of paragraph (2) ends."
- (b) Section 103 (b) of such Amendments is amended
- 16 (1) by inserting "(i)" after "individual" in the second
- 17 sentence, and (2) by adding before the period at the end
- 18 thereof the following: ", or (ii) (with respect to an enroll-
- 19 ment under subsection (d) (1)) for any month during his
- 20 coverage period (as provided in subsection (d))".
- (c) Section 103 (c) (1) of such Amendments is
- amended by striking out "this section" and inserting in lieu
- 23 thereof "paragraph (1) of subsection (a) of this section".
- (d) Section 103 of such Amendments is further
- <sup>25</sup> amended by adding at the end thereof the following new
- subsections:

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"(d) (1) An individual who meets the conditions of
1
   subparagraphs (A) and (B) of paragraph (2) of sub-
2
   section (a) and has enrolled under section 1837 of the
3
   Social Security Act may enroll for the hospital insurance ben-
   efits provided under subsection (165) (a); except that an
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   individual who is eligible to enroll under this paragraph by
6
7
   reason of subparagraph (B)(ii) of paragraph (2) of sub-
   section (a) must so enroll within the period ending on Decem-
   ber 31 of the year following (A) the year in which he first
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    meets the requirements of subparagraphs (A) and (B) of
11
   paragraph (2) of subsection (a) or (B) (if later) the year
12
    in which the Social Security Amendments of 1970 are en-
13
    acted.
14
        "(2) The provisions of sections 1837, 1838, 1839, and
15
    1840 (relating to enrollments under part B of title XVIII
16
    of the Social Security Act) shall be applicable to the enroll-
17
    ment authorized by paragraph (1) in the same manner, to
18
    the same extent, and under the same conditions as such
19
    sections are applicable to enrollments under such part B,
20
    except that for purposes of this subsection such sections
21
    1837, 1838, 1839, and 1840 are modified as follows:
22
            "(A) the term 'paragraphs (1) and (2) of sec-
23
        tion 1836' shall be considered to read 'subparagraphs
24
        (A) and (B) of paragraph (2) of section 103 (a) of
25
        the Social Security Amendments of 1965';
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1	"(B) the term 'March 1, 1966' shall be considered
2	to read (166) March 31, 1971 July 1, 1971;
3	"(C) the term 'May 31, 1966' shall be considered
4	to read (167 <del>) March 31, 1971</del> September 30, 1971';
5	"(D) the term '1969' shall be considered to read
6	'1972';
7	"(E) subsection (a) (1) of such section 1838
8	shall be considered to read as follows:
9	"'(1) in the case of an individual who enrolls for
10	benefits under subsection (168) (a) (d) of section 103 of
11	the Social Security Amendments of 1965 pursuant to
12	subsection (c) of section 1837 (as made applicable by
13	section 103 (d) (2) of such Amendments), (169) Jan-
14	uary July 1, 1971, or, if later, the first day of the month
15	following the month in which he so enrolls; or';
16	(170)"(F) subsection (b) of such section 1838 shall be
17	considered amended by adding at the end thereof the
18	following new sentence: 'An individual's enrollment
19	under subsection (d) of section 103 of the Social Se-
20	eurity Amendments of 1965 shall also terminate (i)
21	when he satisfies subparagraphs (B) and (E) of para-
22	graph (1) of subsection (a) of such section, with such
23	termination taking effect on the first day of the month
24	in which he satisfies such subparagraphs, or (ii) when

his enrollment under section 1837 terminates, with such

1	termination taking effect as provided in the second sen-
2	tence of this subsection.';
3	"(F) the second sentence of subsection (b) of sec-
4	tion 1838 shall be considered to read as follows: 'The
5	termination of a coverage period under paragraph (1)
6	shall take effect on the last day of the month following the
7	calendar month in which the notice is filed or, if earlier,
8	the last day of the month in which his enrollment under
9	section 1837 terminates.';
10	"(G) subsection (a) of such section 1839 shall be
11	considered to read as follows:
12	"'(a) The monthly premium of each individual for
13	each month in his coverage period before July 1972 shall
14	be \$27.';
15	"(H) the term '1967' when used in subsection
16	(b) (1) of such section 1839 shall be considered to read
17	'June 1972';
1.8	"(I) subsection (b) (2) of such section 1839 shall
19	be considered to read as follows:
20	"(2) The Secretary shall, during December of 1971
21	and of each year thereafter, determine and promulgate
22	the dollar amount (whether or not such dollar amount
23	was applicable for premiums for any prior month) which
24	shall be applicable for premiums for months occurring

- 1 in the 12-month period commencing July 1 of the next
- 2 year. Such amount shall be equal to \$27 multiplied by the
- 3 ratio of (1) the inpatient hospital deductible for such next
- 4 year, as promulgated under section 1813 (b) (2), to (2)
- 5 such deductible promulgated for 1971. Any amount deter-
- 6 mined under the preceding sentence which is not a multiple
- 7 of \$1 shall be rounded to the nearest multiple of \$1.'; and
- 8 "(J) the term 'Federal Supplementary Medical
- 9 Insurance Trust Fund' shall be considered to read 'Fed-
- 10 eral Hospital Insurance Trust Fund'.
- 11 "(e) Payment of the monthly premiums on behalf of
- 12 any individual who meets the conditions of subparagraphs
- 13 (A) and (B) of paragraph (2) of subsection (a) and
- 14 has enrolled for the hospital insurance benefits provided
- under subsection (a) may be made by any public or private
- 16 agency or organization under a contract or other arrange-
- 17 ment entered into between it and the Secretary if the
- 18 Secretary determines that payment of such premiums under
- 19 such contract or arrangement is administratively feasible."
- 20 (171)(e) Section 226(b) of the Social Security Act is
- 21 amended by (1) striking out the period at the end of para-
- 22 graph (2) and inserting in lieu thereof "; and" and (2)
- adding at the end thereof the following new paragraph:
- "(3) an individual shall be deemed entitled to
- 25 monthly benefits under section 202 beginning with the

1 first month after the month in which his deemed entitlement to such benefits by reason of section 103(a)(2) of 2 the Social Security Amendments of 1965 ends, if on the 3 first day of such first month he is alive and would be 4 entitled to such benefits for such month had he filed an 5 6 application in such month." 7 (172)(f) Section 1837(e) of the Social Security Act is 8 amended by striking out the period and inserting in lieu 9 thereof the following: "; except that the enrollment period be-10 ginning January 1, 1971, shall end on September 30, 1971, 11 in the case of any individual who has an enrollment period 12 for hospital insurance benefits under section 103(d) of the 13 Social Security Amendments of 1965 beginning on the first 14 day of the second month following the month of enactment of 15 the Social Security Amendments of 1970 and ending on 16 September 30, 1971, and so enrolls in such period." 17 (173)(g) Section 1837(b) of such Act (as amended by section 18 258 of this Act) is further amended by striking out the period **19** and inserting in lieu thereof the following: "; except that any 20 enrollment of an individual shall not be counted if the cover-21 age period resulting for such enrollment terminated before the 22 date on which such individual first enrolls for hospital insur-23 ance benefits under section 103(a) of the Social Security 24 Amendments of 1965.".

- (174) INCLUSION OF CERTAIN SERVICES BY OPTOMETRISTS 1 2 UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM 3 SEC. 203. (a) Section 1861(r) of the Social Security Act is amended by (1) striking out "or (3)" and inserting 4 5 in lieu thereof "(3)", and (2) inserting before the period at 6 the end thereof the following: "or (4) a doctor of optometry, 7 who is legally authorized to practice optometry by the State 8 in which he performs such function, but only with respect 9 to establishing the necessity for prosthetic lenses". 10 (b) The amendment made by this section shall apply 11 only with respect to services performed after the date of 12 enactment of this Act. 13 (175) COVERAGE OF SUPPLIES RELATED TO COLOSTOMIES 14 SEC. 204. (a) Section 1861(s)(8) of the Social Secu-15 rity Act is amended by inserting after "organ" the follow-16 ing: "(including colostomy bags and supplies directly related 17 to colostomy care)". 18 (b) The amendment made by this section shall apply on 19 and after the date of enactment of this Act. 20 (176) INCLUSION OF CHIROPRACTOR'S SERVICES UNDER 21 MEDICARE 22 SEC. 205. (a) Section 1861(r) of the Social Security
- 23 Act (as amended by section 203 of this Act) is further
  24 amended by—

1	(1) striking out or (4) and inserting in the
2	thereof "(4)", and
3	(2) inserting before the period at the end thereof the
4	following ", or (5) a chiropractor who is licensed as such
5	by the State (or in a State which does not license chiro-
6	practors as such, is legally authorized to perform the
7	services of a chiropractor in the jurisdiction in which he
8	performs such services, and who meets uniform minimum
9	standards promulgated by the Secretary, but only for the
10	purpose of sections $1861(s)(1)$ and $1861(s)(2)(A)$
11	and only with respect to treatment by means of manual
12	manipulation of the spine which he is legally authorized
13	to perform by the State or jurisdiction in which such
14	treatment is provided".
15	(b) The amendments made by this section shall be effective
16	with respect to services furnished after June 30, 1971.
17	PART B—IMPROVEMENTS IN THE OPERATING EFFECTIVE-
18	NESS OF THE MEDICARE, MEDICAID, AND MATERNAL
19	AND CHILD HEALTH PROGRAMS
20	LIMITATION ON FEDERAL PARTICIPATION FOR CAPITAL
21	EXPENDITURES
22	Sec. 221. (a) Title XI of the Social Security Act is
23	amended by adding at the end thereof the following new
24	section:

1	"LIMITATION	ON	FEDERAL	PARTICIPATION	FOR	CAPITAL
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## EXPENDITURES

"Sec. 1122. (a) The purpose of this section is to as-3 sure that Federal funds appropriated under titles V, XVIII, 4 and XIX are not used to support unnecessary capital ex-5 penditures made by or on behalf of health care facilities 6 (177) or health maintenance organizations which are reim-7 bursed under any of such titles and that, to the extent pos-8 sible, reimbursement under such titles shall support planning 9 activities with respect to health services and facilities in the 10 various States. 11

"(b) The Secretary, after consultation with the Gover-12 nor (or other chief executive officer) and with appropriate 13 local public officials, shall make an agreement with any 14 State which is able and willing to do so under which a desig-15 nated planning agency (which shall be an agency described 16 in clause (ii) of subsection (d) (1) (B) that has a govern-17 ing body or advisory body at least half of whose members 18 represent consumer interests) will-19

"(1) make, and submit to the Secretary together with such supporting materials as he may find necessary, findings and recommendations with respect to capital expenditures proposed by or on behalf of any health care facility (178) or health maintenance organization in such State within the field of its responsibilities,

(179)and

"(2) receive from other agencies described in 1 clause (ii) of subsection (d) (1) (B), and submit to the 2 Secretary together with such supporting material as he 3 may find necessary, the findings and recommendations of 4 such other agencies with respect to capital expenditures 5 proposed by or on behalf of health care facilities (180) 6 7 or health maintenance organizations in such State within 8 the fields of their respective responsibilities, (181) and (182)"(3) establish and maintain procedures pur-9 10 suant to which a person proposing any such capital ex-11 penditure may appeal a recommendation by the desig-12 nated agency and will be granted an opportunity for a 13 fair hearing by such agency or person other than the 14 designated agency as the Governor (or other chief execu-15 tive officer) may designate to hold such hearings, 16 whenever and to the extent that the findings of such desig-17 nated agency or any such other agency indicate that any 18 such expenditure is not consistent with the standards, criteria, 19 or plans developed pursuant to the Public Health Service 20 Act (or the Mental Retardation Facilities and Community 21Mental Health Centers Construction Act of 1963) to meet 22 the need for adequate health care facilities in the area covered 23 by the plan or plans so developed. 24 "(c) The Secretary shall pay any such State from the

Federal Hospital Insurance Trust Fund, in advance or by

- 1 way of reimbursement as may be provided in the agreement
- 2 with it (and may make adjustments in such payments on
- 3 account of overpayments or underpayments previously
- 4 made), for the reasonable cost of performing the functions
- 5 specified in subsection (b).
- 6 "(d) (1) Except as provided in paragraph (2), if the
- 7 Secretary determines that—
- 8 "(A) neither the planning agency designated in
- 9 the agreement described in subsection (b) nor an
- agency described in clause (ii) of subparagraph (B) of
- this paragraph had been given notice of any proposed
- 12 capital expenditure (in accordance with such procedure
- or in such detail as may be required by such agency)
- at least 60 days prior to such expenditure; or
- 15 "(B) (i) the planning agency so designated or
- an agency so described had received such timely notice
- of the intention to make such capital expenditure and
- had, within a reasonable period after receiving such
- 19 notice and prior to such expenditure, notified the person
- proposing such expenditure that the expenditure would
- 21 not be in conformity with the standards, criteria, or plans
- developed by such agency or any other agency described
- in clause (ii) for adequate health care facilities in such
- 24 State or in the area for which such other agency has
- 25 responsibility, and

"(ii) the planning agency so designated had, prior 1 to submitting to the Secretary the findings referred 2 to in subsection (b), (183)(I) consulted with, and taken 3 into consideration the findings and recommendations of, 4 the State planning agencies established pursuant to 5 sections 314 (a) and 604 (a) of the Public Health Serv-6 7 ice Act (to the extent that either such agency is not the 8 agency so designated) as well as the public or nonprofit 9 private agency or organization responsible for the com-10 prehensive regional, metropolitan area, or other local 11 area plan or plans referred to in section 314 (b) of the 12 Public Health Service Act and covering the area in 13 which the health care facility (184) or health maintenance 14 organization proposing such capital expenditure is located 15 (where such agency is not the agency designated in the 16 agreement) or, if there is no such agency, such other 17 public or nonprofit private agency or organization (if 18 any) as performs, as determined in accordance with cri-19 teria included in regulations, similar (185) functions; 20 functions, and (II) granted to the person proposing such 21 capital expenditure an opportunity for a fair hearing 22 with respect to such findings; 23 then, for such period as he finds necessary in any case to 24 effectuate the purpose of this section, he shall, in determining 25 the Federal payments to be made under titles V, XVIII,

- 1 and XIX with respect to services furnished in the health care
- 2 facility for which such capital expenditure is made, not in-
- 3 clude any amount which is attributable to depreciation, in-
- 4 terest on borrowed funds, a return on equity capital (in the
- 5 case of proprietary facilities), or other expenses related to
- 6 such capital expenditure. (186) With respect to any organiza-
- 7 tion which is reimbursed on a per capita basis, in determining
- 8 the Federal payments to be made under titles V, XVIII, and
- 9 XIX, the Secretary shall exclude an amount which in his
- 10 judgment is a reasonable equivalent to the amount which
- 11 would otherwise be excluded under this subsection if pay-
- 12 ment were to be made on other than a per capita basis.
- 13 "(2) If the Secretary, after submitting the matters in-
- 14 volved to the advisory council established or designated
- 15 under subsection (i), determines that an exclusion of ex-
- 16 penses related to any capital expenditure of any health care
- 17 facility (187) or health maintenance organization would not
- 18 be consistent with the effective organization and delivery of
- 19 health services or the effective administration of title V,
- 20 XVIII, or XIX, he shall not exclude such expenses pursuant
- 21 to paragraph (1).
- "(e) Where a person obtains under lease or comparable
- 23 arrangement any facility or part thereof, or equipment for
- 24 a facility, which would have been subject to an exclusion
- 25 under subsection (d) if the person had acquired it by pur-

- 1 chase, the Secretary shall (1) in computing such person's
- 2 rental expense in determining the Federal payments to be
- 3 made under titles V, XVIII, and XIX with respect to serv-
- 4 ices furnished in such facility, deduct the amount which in his
- 5 judgment is a reasonable equivalent of the amount that would
- 6 have been excluded if the person had acquired such facility
- 7 or such equipment by purchase, and (2) in computing such
- 8 person's return on equity capital deduct any amount deposited
- 9 under the terms of the lease or comparable arrangement.
- 10 "(f) Any person dissatisfied with a determination by the
- 11 Secretary under this section may within six months follow-
- 12 ing notification of such determination request the Secretary
- 13 to reconsider such determination. A determination by the
- 14 Secretary under this section shall not be subject to adminis-
- 15 trative or judicial review.
- 16 "(g) For the purposes of this section, a 'capital expendi-
- 17 ture' is an expenditure which, under generally accepted
- 18 accounting principles, is not properly chargeable as an ex-
- 19 pense of operation and maintenance and which (1) exceeds
- 20 \$100,000, (2) changes the bed capacity of the facility with
- 21 respect to which such expenditure is made, or (3) sub-
- 22 stantially changes the services of the facility with respect to
- 23 which such expenditure is made. For purposes of clause

- 1 (1) of the preceding sentence, the cost of the studies, sur-
- 2 veys, designs, plans, working drawings, specifications, and
- 3 other activities essential to the acquisition, improvement, ex-
- 4 pansion, or replacement of the plant and equipment with
- 5 respect to which such expenditure is made shall be included
- 6 in determining whether such expenditure exceeds \$100,000.
- 7 "(h) The provisions of this section shall not apply to
- 8 Christian Science sanatoriums operated, or listed and certi-
- 9 fied, by the First Church of Christ, Scientist, Boston, Massa-
- 10 chusetts.
- "(i) (1) The Secretary shall establish a national advi-
- 12 sory council, or designate an appropriate existing national
- 13 advisory council, to advise and assist him in the preparation
- 14 of general regulations to carry out the purposes of this section
- 15 and on policy matters arising in the administration of this
- 16 section, including the coordination of activities under this
- 17 section with those under other parts of this Act or under
- 18 other Federal or federally assisted health programs.
- 19 "(2) The Secretary shall make appropriate provision
- 20 for consultation between and coordination of the work of
- 21 the advisory council established or designated under para-
- 22 graph (1) and the Federal Hospital Council, the National
- 23 Advisory Health Council, the Health Insurance Benefits

- 1 Advisory Council, the Medical Assistance Advisory Council,
- 2 and other appropriate national advisory councils with re-
- 3 spect to matters bearing on the purposes and administration
- 4 of this section and the coordination of activities under this
- 5 section with related Federal health programs.
- 6 "(3) If an advisory council is established by the Secre-
- 7 tary under paragraph (1), it shall be composed of members
- 8 who are not otherwise in the regular full-time employ of the
- 9 United States, and who shall be appointed by the Secretary
- 10 without regard to the civil service laws from among leaders
- 11 in the fields of the fundamental sciences, the medical sciences,
- 12 and the organization, delivery, and financing of health
- 13 care, and persons who are State or local officials or are
- 14 active in community affairs or public or civic affairs or who
- 15 are representative of minority groups. Members of such ad-
- 16 visory council, while attending meetings of the council or
- 17 otherwise serving on business of the council, shall be entitled
- 18 to receive compensation at rates fixed by the Secretary, but
- 19 not exceeding the maximum rate specified at the time of
- 20 such service for grade GS-18 in section 5332 of title 5,
- 21 United States Code, including traveltime, and while away
- 22 from their homes or regular places of business they may also
- 23 be allowed travel expenses, including per diem in lieu of sub-

- 1 sistence, as authorized by section 5703 (b) of such title 5
- 2 for persons in the Government service employed inter-
- 3 mittently."
- 4 (b) The amendment made by subsection (a) shall apply
- 5 only with respect to a capital expenditure the obligation for
- 6 which is incurred by or on behalf of a health care facility
- 7 (188) or health maintenance organization subsequent to
- 8 whichever of the following is earlier: (A) June 30, 1971, or
- 9 (B) with respect to any State or any part thereof specified
- 10 by such State, the last day of the calendar quarter in which
- 11 the State requests that the amendment made by subsection
- 12 (a) of this section apply in such State or such part thereof.
- 13 (c) (1) Section 505 (a) (6) of such Act (as amended
- by section 229 (b) of this Act) is further amended by in-
- serting ", consistent with section 1122," after "standards"
- where it first appears.
- 17 (2) Section 506 of such Act (as amended by sections
- 18 224 (c), 227 (d), 230 (d), and 235 (b) of this Act) is
- 19 further amended by adding at the end thereof the following
- 20 new subsection:
- 21 "(g) For limitation on Federal participation for capital
- 22 expenditures which are out of conformity with a comprehen-

- 1 sive plan of a State or areawide planning agency, see sec-
- 2 tion 1122."
- 3 (3) Clause (2) of the second sentence of section 509
- 4 (a) of such Act is amended by inserting ", consistent with
- 5 section 1122," after "standards".
- 6 (4) Section 1861 (v) of such Act is amended by adding
- 7 at the end thereof the following new paragraph:
- 8 "(5) For limitation on Federal participation for capital
- 9 expenditures which are out of conformity with a compre-
- 10 hensive plan of a State or areawide planning agency, see
- 11 section 1122."
- 12 (5) Section 1902 (a) (13) (D) of such Act (as
- 13 amended by section 229 (a) of this Act) is further amended
- 14 by inserting ", consistent with section 1122," after "stand-
- ards" where it first appears.
- 16 (6) Section 1903 (b) of such Act is amended by add-
- ing at the end thereof the following new paragraph:
- 18 "(3) For limitation on Federal participation for capital
- 19 expenditures which are out of conformity with a compre-
- 20 hensive plan of a State or areawide planning agency, see
- 21 section 1122."
- 22 (189)(d) In the case of a health care facility providing
- 23 health care services as of December 18, 1970, which on such

- 1 date is committed to a formal plan of expansion or replace-
- 2 ment, the amendments made by the preceding provisions of this
- 3 section shall not apply with respect to such expenditures as
- 4 may be made or obligations incurred for capital items in-
- 5 cluded in such plan where preliminary expenditures toward
- 6 the plan of expansion or replacement (including payments
- 7 for studies, surveys, designs, plans, working drawings, speci-
- 8 fications, and site ocquisition, essential to the acquisition,
- 9 improvement, expansion, or replacement of the health care
- 10 facility or equipment concerned) of \$100,000 or more, had
- 11 been made during the three-year period ended December 17,
- 12 1970.
- 13 REPORT ON PLAN FOR PROSPECTIVE REIMBURSEMENT;
- 14 EXPERIMENTS AND DEMONSTRATION PROJECTS TO
- DEVELOP INCENTIVES FOR ECONOMY IN THE PROVI-
- 16 SION OF HEALTH SERVICES
- SEC. 222. (a) (1) The Secretary of Health, Education,
- and Welfare, directly or through contracts with public or
- 19 private agencies or organizations, shall develop and carry
- out experiments and demonstration projects designed to de-
- 21 termine the relative advantages and disadvantages of various
- alternative methods of making payment on a prospective
- 23 basis to hospitals, extended care facilities, and other pro-

- 1 viders of services for care and services provided by them
- 2 under title XVIII of the Social Security Act and under
- 3 State plans approved under titles XIX and V of such Act,
- 4 including alternative methods for classifying providers, for
- 5 establishing prospective rates of payment, and for imple-
- 6 menting on a gradual, selective, or other basis the estab-
- 7 lishment of a prospective payment system, in order to
- 8 stimulate such providers through positive financial incen-
- 9 tives to use their facilities and personnel more efficiently and
- 10 thereby to reduce the total costs of the health programs
- 11 involved without adversely affecting the quality of services
- 12 by containing or lowering the rate of increase in provider
- 13 costs that has been and is being experienced under the exist-
- 14 ing system of retroactive cost reimbursement.
- 15 (2) The experiments and demonstration projects devel-
- oped under paragraph (1) shall be of sufficient scope and
- shall be carried out on a wide enough scale to permit a thor-
- 18 ough evaluation of the alternative methods of prospective
- 19 payment under consideration while giving assurance that the
- 20 results derived from the experiments and projects will obtain
- 21 generally in the operation of the programs involved (without
- 22 committing such programs to the adoption of any prospective
- 23 payment system either locally or nationally).
- 24 (3) In the case of any experiment or demonstration
- 25 project under paragraph (1), the Secretary may waive com-

1 pliance with the requirements of titles XVIII, XIX, and V 2 of the Social Security Act insofar as such requirements relate 3 to methods of payment for services provided; and costs in-4 curred in such experiment or project in excess of those which 5 would otherwise be reimbursed or paid under such titles may 6 be reimbursed or paid to the extent that such waiver applies 7 to them (with such excess being borne by the Secretary). 8 No experiment or demonstration project shall be developed 9 or carried out under paragraph (1) until the Secretary ob-10 tains the advice and recommendations of specialists who are 11 competent to evaluate the proposed experiment or project as 12 to the soundness of its objectives, the possibilities of securing 13 productive results, the adequacy of resources to conduct it, 14 and its relationship to other similar experiments or projects 15 already completed or in process; and no such experiment 16 or project shall be actually placed in operation until a 17 written report containing a full and complete description 18 thereof has been transmitted to the Committee on Ways 19 and Means of the House of Representatives and the Com-20 mittee on Finance of the Senate. 21

(4) Grants, payments under contracts, and other expenditures made for experiments and demonstration projects under this subsection shall be made (190) in appropriate part from the Federal Hospital Insurance Trust Fund (established by section 1817 of the Social Security Act) and the Federal

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- 1 Supplementary Medical Insurance Trust Fund (established
- 2 by section 1841 of the Social Security Act). Grants and pay-
- 3 ments under contracts may be made either in advance or by
- 4 way of reimbursement, as may be determined by the Secre-
- 5 tary, and shall be made in such installments and on such con-
- 6 ditions as the Secretary finds necessary to carry out the
- 7 purpose of this subsection With respect to any such grant,
- 8 payment, or other expenditure, the amount to be paid from
- 9 each of such trust funds shall be determined by the Secretary,
- 10 giving due regard to the purposes of the experiment or proj-
- 11 ect involved.
- 12 (5) The Secretary shall submit to the Congress no later
- 13 than (191) July 1, 1972, January 1, 1973, a full report on
- 14 the experiments and demonstration projects carried out under
- this subsection and on the experience of other programs with
- 16 respect to prospective reimbursement together with any re-
- 17 lated data and materials which he may consider appropriate.
- 18 Such report shall include detailed recommendations with re-
- 19 spect to the specific methods which could be used in the full
- 20 implementation of a system of prospective payment to pro-
- 21 viders of services under the programs involved.
- 22 (6) Section 1875 (b) of the Social Security Act is
- 23 amended by inserting "and the experiments and demonstra-
- 24 tion projects authorized by section 222 (a) of the Social
- 25 Security Amendments of 1970" after "1967".

- (b) (1) Section 402 (a) of the Social Security Amend-1 ments of 1967 is amended to read as follows: 2
- "(a) (1) The Secretary of Health, Education, and Wel-3 fare is authorized, either directly or through grants to public 4 or nonprofit private agencies, institutions, and organizations 5 6 or contracts with public or private agencies, institutions, and organizations, to develop and engage in experiments and 7 demonstration projects for the following purposes:

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services:

- "(A) to determine whether, and if so which, 9 changes in methods of payment or reimbursement (other 10 than those dealt with in section 222 (a) of the Social 11 Security Amendments of 1970) for health care and 12 services under health programs established by the Social 13 Security Act, including a change to methods based on 14 negotiated rates, would have the effect of increasing the 15 efficiency and economy of health services under such 16 programs through the creation of additional incentives to 17
  - (192)"(B) to determine whether payments to organizations and institutions which have the capability of providing comprehensive health care service or services other than those for which payment may be made under such programs (and which are incidental to services for which payment may be made under such programs)

these ends without adversely affecting the quality of such

1	would, in the judgment of the Secretary, result in more
2	economical provision and more effective utilization o
3	services for which payment may be made under such
4	<del>programs;</del>
5	"(B) to determine whether payments for service.
6	other than those for which payment may be made under
7	such programs (and which are incidental to services for
8	which payment may be made under such programs,
9	would, in the judgment of the Secretary, result in more
0	economical provision and more effective utilization of
1	services for which payment may be made under such
2	program, where such services are furnished by organiza
3	tions and institutions which have the capability of
4	providing—
.5	"(i) comprehensive health care services, or
.6	"(ii) mental health care services (as defined by
7	section 401(c) of the Mental Retardation Facilities
.8	and Community Health Centers Construction Act of
9	1963), or
0	"(iii) ambulatory health care services, but only
1	where the Secretary determines, after appropriate
22	study, that payment for such health care services
3	would result in a more economical provision of such

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services.

<sup>&</sup>quot;(C) to determine whether the rates of payment or

reimbursement for health care services, approved by a

State for purposes of the administration of one or more

of its laws, when utilized to determine the amount to be

paid for services furnished in such State under the health

programs established by the Social Security Act, would

have the effect of reducing the costs of such programs

without adversely affecting the quality of such services;

- "(D) to determine whether payments under such programs based on a single combined rate of reimbursement or charge for the teaching activities and patient care which residents, interns, and supervising physicians render in connection with a graduate medical education program in a patient facility would result in more equitable and economical patient care arrangements without adversely affecting the quality of such care; and
- "(E) to determine whether utilization review and medical review mechanisms established on an areawide or communitywide basis would have the effect of providing more effective controls under such programs over excessive utilization of services.
- 21 For purposes of this subsection, 'health programs established 22 by the Social Security Act' means the program established 23 by title XVIII of such Act, a program established by a plan 24 of a State approved under title XIX of such Act, and a

program established by a plan of a State approved under 1 2 title V of such Act. "(2) Grants, payments under contracts, and other ex-3 penditures made for experiments and demonstration projects 4 under paragraph (1) shall be made (193) in appropriate 5 6 part from the Federal Hospital Insurance Trust Fund (estab-7 lished by section 1817 of the Social Security Act) and the 8 Federal Supplementary Medical Insurance Trust, Fund (es-9 tablished by section 1841 of the Social Security Act). Grants 10 and payments under contracts may be made either in advance 11 or by way of reimbursement, as may be determined by the 12 Secretary, and shall be made in such installments and on such 13 conditions as the Secretary finds necessary to carry out the 14 purpose of this section. With respect to any such grant, pay-15 ment, or other expenditure, the amount to be paid from each 16 of such trust funds shall be determined by the Secretary, 17 giving due regard to the purposes of the experiment or project 18 involved." 19 (2) Section 402 (b) of such Amendments is amended— 20 (A) by striking out "experiment" each time it ap-21 pears and inserting in lieu thereof "experiment or dem-22 onstration project"; 23 (B) by striking out "experiments" and inserting in 24 lieu thereof "experiments and projects";

(C) by striking out "reasonable charge" and insert-

- ing in lieu thereof "reasonable charge, or to reimbursement or payment only for such services or items as may be specified in the experiment"; and
- 4 (D) by inserting before the period at the end thereof
  5 the following: "; and no such experiment or project shall
  6 be actually placed in operation until a written report
  7 containing a full and complete description thereof has
  8 been transmitted to the Committee on Ways and Means
  9 of the House of Representatives and the Committee on
  10 Finance of the Senate".
- 11 (3) Section 1875 (b) of the Social Security Act is 12 amended by striking out "experimentation" and inserting in 13 lieu thereof "experiments and demonstration projects".

14 LIMITATIONS ON COVERAGE OF COSTS UNDER

## MEDICARE PROGRAM

- 16 SEC. 223. (a) The first sentence of section 1861 (v) (1) 17 of the Social Security Act is amended by inserting immedi-
- 18 ately before "determined" where it first appears the fol-
- 19 lowing: "the cost actually incurred, excluding therefrom any
- 20 part of incurred cost found to be unnecessary in the efficient
- 21 delivery of needed health services, and shall be".
- 22 (b) The third sentence of section 1861 (v) (1) of such
- 23 Act is amended by striking out the comma after "services"
- 24 where it last appears and inserting in lieu thereof the follow-

- 1 ing: ", may provide for the establishment of limits on the
- 2 direct or indirect overall incurred costs or incurred costs
- 3 of specific items or services or groups of items or services
- 4 to be recognized as reasonable based on estimates of the
- 5 costs necessary in the efficient delivery of needed health
- 6 services to individuals covered by the insurance programs
- 7 established under this title,".
- 8 (c) The fourth sentence of section 1861 (v) (1) of such
- 9 Act is amended by inserting after "services" where it first
- 10 appears the following: "(excluding therefrom any such costs,
- 11 including standby costs, which are determined in accordance
- 12 with regulations to be unnecessary in the efficient delivery
- 13 of services covered by the insurance programs established
- 14 under this title)".
- (d) The fourth sentence of section 1861 (v) (1) of such
- 16 Act is further amended by striking out "costs with respect"
- 17 where they first appear and inserting in lieu thereof the fol-
- 18 lowing: "necessary costs of efficiently delivering covered
- 19 services".
- 20 (e) Section 1866 (a) (2) (B) of such Act is amended
- 21 (1) by inserting "(i)" after "(B)", and (2) by adding
- 22 at the end thereof the following new clause:
- 23 "(ii) Where a provider of services customarily fur-
- 24 nishes an individual items or services which are more ex-

pensive than the items or services determined to be neces-sary in the efficient delivery of needed health services under this title and which have not been requested by such indi-vidual, such provider may also charge such individual or other person for such more expensive items or services to the extent that the costs of (or, if less, the customary charges for) such more expensive items or services experienced by such provider in the second fiscal period immediately preceding the fiscal period in which such charges are imposed exceed the cost of such items or services determined to be necessary in the efficient delivery of needed health services, 

but only if-

- "(I) the Secretary has provided notice to the public of any charges being imposed on individuals entitled to benefits under this title on account of costs in excess of the costs determined to be necessary in the efficient delivery of needed health services under this title by particular providers of services in the area in which such items or services are furnished, and
  - "(II) the provider of services has identified such charges to such individual or other person, in such manner as the Secretary may prescribe, as charges to meet costs in excess of the cost determined to be necessary in

- the efficient delivery of needed health services under this
- 2 title."
- 3 (f) Section 1861 (v) of such Act (as amended by sec-
- 4 tion 221 (c) (4) of this Act) is further amended by redesig-
- 5 nating paragraphs (4) and (5) as paragraphs (5) and (6),
- 6 respectively, and by inserting after paragraph (3) the follow-
- 7 ing new paragraph:
- 8 "(4) If a provider of services furnishes items or services
- 9 to an individual which are (194) grossly in excess of or more
- 10 expensive than the items or services determined to be neces-
- 11 sary in the efficient delivery of needed health services and
- 12 charges are imposed for such more expensive items or services
- 13 under the authority granted in section 1866 (a) (2) (B) (ii),
- 14 the amount of payment with respect to such items or services
- 15 otherwise due such provider in any fiscal period shall be re-
- 16 duced to the extent that such payment plus such charges
- 17 exceed the cost actually incurred for such items or services in
- 18 the fiscal period in which such charges are imposed."
- 19 (g) Section 1866 (a) (2) of such Act is amended by
- 20 adding at the end thereof the following new subparagraph:
- 21 "(D) Where a provider of services customarily fur-
- 22 nishes items or services which are (195) grossly in excess of or
- 23 more expensive than the items or services with respect to
- 24 which payment may be made under this title, such provider,

- 1 notwithstanding the preceding provisions of this paragraph,
- 2 may not, under the authority of section 1866 (a) (2) (B)
- 3 (ii), charge any individual or other person any amount for
- 4 such items or services in excess of the amount of the payment
- 5 which may otherwise be made for such items or services
- 6 under this title if the admitting physician has a direct or
- 7 indirect financial interest in such provider."
- 8 (h) The amendments made by this section shall be
- 9 effective with respect to accounting periods beginning after
- 10 (196) the date of the enactment of this Act June 30, 1971.
- 11 LIMITS ON PREVAILING CHARGE LEVELS
- 12 Sec. 224, (a) Section 1842 (b) (3) of the Social Secu-
- 13 rity Act is amended by adding at the end thereof the following
- 14 new sentences: "No charge may be determined to be reason-
- 15 able (197) in the case of bills submitted or requests for pay-
- 16 ments made under this part (198) for services rendered after
- 17 (199) June 30, 1970, the date of enactment of this Act and
- 18 before July 1, 1971, if it exceeds the higher of (i) the pre-
- 19 vailing charge recognized by the carrier for similar services in
- 20 the same locality in administering this part on June 30, 1970,
- 21 or (i) the prevailing charge level that, on the basis of
- 22 statistical data and methodology acceptable to the Secretary,
- 23 would cover 75 percent of the customary charges made for
- 24 similar services in the same locality during the calendar year

- 1969. With respect to (200) services rendered bills submitted 1 or requests for payment made under this part after June 30, 2 1971, the charges recognized as prevailing within a locality 3 4 may be increased in any fiscal year only to the extent found 5 necessary, on the basis of statistical data and methodology 6 acceptable to the Secretary, to cover 75 percent of the cus-7 tomary charges made for similar services in the same locality 8 during the last preceding elapsed calendar year but may not 9 be increased (in the aggregate) beyond the levels described 10 in clause (ii) of the preceding sentence except to the extent 11 that the Secretary finds on the basis of appropriate economic 12 index data, that such adjustments are justified by economic 13 changes. In the case of medical services, supplies, and equipment (201) (including equipment servicing) that, in the 14 judgment of the Secretary, do not generally vary significantly 15 in quality from one supplier to another, the charges incurred 16 after (202) June 30, 1970, the date of enactment of this Act 17 determined to be reasonable may (203) not exceed the 18 (204) lowest lower charge levels at which such services, sup-19 plies, and equipment are widely (205) and consistently avail-20 able in a locality (206) enly except to the extent and under 21 the circumstances specified by the Secretary." 22
- 23 (b) Section 1903 of such Act is amended by adding 24 at the end thereof the following new subsection:
- "(g) Payment under the preceding provisions of this 26 section shall not be made with respect to any amount paid

- 1 for items or services furnished under the plan after
- 2 (207) Jame 30, 1970, the date of enactment of this Act to the ex-
- 3 tent that such amount exceeds the charge which would be deter-
- 4 mined to be reasonable for such items or services under the
- 5 third, fourth, and fifth sentences of section 1942 (b) (3)."
- 6 (c) Section 506 of such Act is amended by adding
- 7 at the end thereof the following new subsection:
- 8 "(f) Notwithstanding the preceding provisions of this
- 9 section, no payment shall be made to any State thereunder
- 10 with respect to any amount paid for items or services
- 11 furnished under the plan after (208) June 30, 1970, the date
- 12 of enactment of this Act to the extent that such amount ex-
- 13 ceeds the charge which would be determined to be reasonable
- 14 for such items or services under the third, fourth, and fifth
- sentences of section 1842 (b) (3)."
- 16 (209) ESTABLISHMENT OF INCENTIVES FOR STATES TO
- 17 EMPHASIZE OUTPATIENT CARE UNDER MEDICAID
- 18 PROGRAMS
- 19 SEC. 225. (a) (1) Section 1903 of the Social Security
- 20 Act (as amended by section 228 of this Act) is further
- amended by inserting after subsection (d) the following new
- 22 subsection:
- 23 "(e) The amount determined under subsection (a)
- 24 (1) for any State shall be adjusted as follows:
- 25 "(1) With respect to the following services fur-
- nished under the State plan after December 31, 1970, the

1	Federal medical assistance percentage shall be increased
2	by 25 per centum thereof, except that the Federal medi-
3	cal assistance percentage as so increased may not exceed
4	95 per centum:
5	"(A) outpatient hospital services and clinic
6	services (other than physical therapy services);
7	and
8	"(B) home health care services (other than
9	physical therapy services); and
.0	"(2) with respect to the following services fur-
.1	nished under the State plan after December 31, 1970,
.2	the Federal medical assistance percentage shall be de-
.3	creased as follows:
.4	"(A) after an individual has received inpatient
5	hospital services (including services furnished in an
6	institution for tuberculosis) on sixty days (whether
7	or not such days are consecutive) during any calen-
18	dar year (which for purposes of this section means
9	the four calendar quarters ending with June 30),
20	the Federal medical assistance percentage with re-
21	spect to any such services furnished thereafter to
22	such individual in the same calendar year shall be
23	decreased by 33; per centum thereof;
24	"(B) after an individual has received care as an
25	inpatient in a skilled nursing home on ninety days

(whether or not such days are consecutive) during

any calendar year, the Federal medical assistance percentage with respect to any such care furnished thereafter to such individual in the same calendar year shall be decreased by 33\frac{1}{3} per centum thereof; and

"(C) after an individual has received inpatient services in a hospital for mental diseases on ninety days occurring after December 31, 1970 (whether or not such days are consecutive), the Federal medical assistance percentage with respect to any such services furnished to such individual on an additional two hundred and seventy-five days (whether or not such days are consecutive) shall be decreased by 33\frac{1}{3} per centum thereof and no payment may be made under this title for any such services furnished to such individual on any day after such two hundred and seventy-five days.

18 In determining the number of days on which an individual
19 has received services described in this subsection, there
20 shall not be counted any days with respect to which such
21 individual is entitled to have payments made (in whole or
22 in part) on his behalf under section 1812."

23 (2) Section 1903 (a) (1) of such Act is amended by
24 inserting ", subject to subsection (e) of this section" after
25 "section 1905 (b)".

(b) (1) Section 1121 of such Act is amended by adding 1 at the end thereof the following new subsection: 2 "(f) (1) If the Secretary determines for any calendar 3 quarter beginning after December 31, 1970, with respect to 4 5 any State that there does not exist a reasonable cost differ-6 ential between the cost of skilled nursing home services and 7 the cost of intermediate care facility services in such State, the Secretary may reduce the amount which would otherwise 9 be considered as expenditures for which payment may be 10 made under subsection (e) by an amount which in his judg-11 ment is a reasonable equivalent of the difference between the 12 amount of the expenditures by such State for intermediate 13 eare facility services and the amount that would have been expended by such State for such services if there had been a 14 reasonable cost differential between the cost of skilled nursing 15 home services and the cost of intermediate care facility 16 services. 17 "(2) In determining whether any such cost differential 18 in any State is reasonable the Secretary shall take into con-19 sideration the range of such cost differentials in all States. 20 "(3) For the purposes of this subsection, the term 'cost 21 differential' for any State for any quarter means, as deter-22 mined by the Secretary on the basis of the data for the most 23 inserting ", subject to subsection (e) of this section" after 24

able, the excess of

<sup>6 &</sup>quot;section 1905 (b)".

1	"(A) the average amount paid in such State (re-
2	gardless of the source of payment) per inpatient day
3	for skilled nursing home services, over
<b>4</b> .	"(B) the average amount paid in such State (re-
5	gardless of the source of payment) per inpatient day
6	for intermediate care facility services."
7	(2) Section 1121 (e) of such Act is amended by adding
8	at the end thereof the following new sentence: "Effective
9	January 1, 1971, the term 'intermediate care facility' shall
10	not include any public institution (or distinct part thereof)
11	for mental diseases or mental defects."
12	ESTABLISHMENT OF INCENTIVES FOR STATES TO MAINTAIN
13	ADEQUATE UTILIZATION REVIEW PROCEDURES IN
14	MEDICAID PROGRAMS
15	SEC. 225. Section 1903 of the Social Security Act (as
16	amended by section 228 of this Act) is further amended by
17	inserting after subsection (d) the following new subsection:
18	"(e)(1) The Secretary shall, not less frequently than
19	once during any 12-month period, study, review, and evalu-
20	ate the operation of each State plan approved under this title
21	with a view to determining whether there are in effect, in the
22	administration and operation of such plan, such utilization
23	review, independent medical and professional audits and
24	other procedures as are adequate to assure that, in the provi-
25	sion of health care services to individuals entitled to receive

medical assistance under the plan—

1	"(A) inpatient services in hospitals, skilled nursing
2	homes, and other institutional health care facilities (in-
3	cluding intermediate care facilities) will be provided to
4	an individual only when, and to the extent, that the health
5	care needs of such individual cannot, consistent with the
6	provision of appropriate medical care, be effectively pro-
7	vided on an outpatient basis or more economically in an
8	inpatient health care facility of a different type;
9	"(B) costs of or charges for services by physicians
10	and other health care personnel will be reimbursed only
11	when such services are medically necessary; and
12	"(C) costs of or charges for drugs and other health
13	care items or devices will be reimbursed only when med-
14	ically necessary.
15	"(2) If the Secretary determines, as the result of his
16	study, review, and evaluation under paragraph (1) of any
17	such State plan that there is not in effect, in the administra-
18	tion and operation of such plan, such utilization review, in-
19	dependent professional and medical audit, and other proce-
20	dures as are adequate to assure that, in the provision of health
21	care services to individuals entitled to receive medical assist-
22	ance under the plan, the criteria set forth in clauses (A),
23	(B), or (C) are not met, he shall notify the State agency
24	that the Federal medical assistance percentage of such State
25	will be reduced until such time as the Secretary is satisfied
26	that there is in effect, in the administration and operation of

- 1 such State plan, such utilization review, independent medical
- 2 and professional audit and other procedures as are adequate
- 3 to meet the criteria set forth in such clauses (A), (B), and
- 4· (C).
- 5 "(3) Any reduction in the Federal medical assistance
- 6 percentage of any State under this subsection shall be of such
- 7 per centum as the Secretary determines will assure, insofar
- 8 as possible, that the amount of Federal funds payable to such
- 9 State under this title during the period that the reduction is in
- 10 effect will be equal to the amount of such funds which would
- 11 have been payable to such State under this title for such pe-
- 12 riod, if, for such period, there was no failure on the part of
- 13 such State, in the administration of the State plan approved
- 14. under this title, to have in effect such utilization review, in-
- 15 dependent medical and professional audit and other proce-
- 16 dures as are adequate to meet the criteria set forth in clauses
- 17 (A), (B), and (C) of paragraph (1).
- 18 "(4) No reduction under this subsection in the Federal
- 19 medical assistance percentage of any State shall become
- 20 effective prior to the first calendar quarter which commences
- 21 more than 90 days after the date the Secretary notifies the
- 22 State agency of such State that such a reduction will be made.
- 23 (210) PAYMENT FOR SERVICES OF TEACHING PHYSICIANS
- 24 UNDER MEDICARE PROGRAM
- 25 SEC. 226. (a) (1) Section 1833 (a) (1) of the Social
- 26 Security Act is amended by striking out "and" before "(B)",

and by inserting before the semicolon at the end thereof the following: ", and (C) with respect to expenses incurred for services which are furnished to a patient of a hospital by a 3 physician and for which payment may be made under this part, the amounts paid shall be equal to 100 percent of the 5 6 reasonable cost, to the hospital or other medical service organization incurring such cost, of such services if (i)-(I) such 7 8 services are furnished under circumstances comparable to the 9 circumstances under which similar services are furnished to 10 all persons, or all members of a class of persons, who are 11 patients in such hospital and who are not covered by the 12 insurance program established by this part (and not covered 13 under a State plan approved under title XIX); and (II) 14 none of such persons, or members of such class of persons, 15 are required to pay the reasonable charges for such similar 16 services even when they have private insurance covering 17 such similar services (or are otherwise able to pay reasonable 18 charges for all such similar services as determined in accord-19 ance with regulations), or (ii) (I) none of the patients 20 in such hospital who are covered by such program are 21 required to pay any charges for services furnished by physi-22 cians, or (II) such patients are required to pay reasonable 23 charges for such services but payment of the deductible 24 and coinsurance applicable to such services is not obtained 25 from or on behalf of some or all of them, in addition to the 26 portion of such charges payable as insurance benefits under

- 1 this part, even though they have private insurance covering
- 2 such services (or are otherwise able to pay reasonable
- 3 charges for all such services as determined in accordance with
- 4 regulations)".
- 5 (2) The first sentence of section 1833 (b) of such Act
- 6 is amended by striking out "and" before "(2)", and by in-
- 7 serting before the period at the end thereof the following:
- 8 ", and (3) such total amount shall not include expenses in-
- 9 curred for services to which clause (C) of subsection (a) (1)
- 10 applies."
- 11 (b) Section 1861(v) (1) of such Act is amended—
- 12 (1) by inserting "(A)" after "(1)";
- 13 (2) by striking out "(A) take" and "(B) pro-
- 14 vide" and inserting in lieu thereof "(i) take" and "(ii)
- 15 provide", respectively.
- 16 (3) by inserting "(B)" immediately preceding
- 17 "Such regulations in the case of extended care services";
- 18 and
- (4) by adding at the end thereof the following new
- 20 subparagraph:
- 21 "(C) Where a hospital has an arrangement with a
- 22 medical school under which the faculty of such school pro-
- 23 vides services at such hospital and under which reimburse-
- 24 ment to such school by such hospital is less than the reason-
- 25 able cost of such services to the medical school, the reasonable

- 1 eost of such services to the medical school shall be included
- 2 in determining the reasonable cost to the hospital of furnish-
- 3 ing services for which payment may be made under part A,
- 4 but only if-
- 5 "(i) payment for such services as furnished under
- 6 such arrangement would be made under part A to the
- 7 hospital if such services were furnished by the hospital,
- 8 and
- 9 "(ii) such hospital pays to the medical school the
- 10 reasonable cost of such services to the medical school."
- 11 (e) (1) The amendments made by subsection (a) shall
- 12 apply with respect to bills submitted and requests for pay-
- 13 ment made after the date of the enactment of this Act.
- 14 (2) The amendments made by subsection (b) shall be
- 15 effective with respect to accounting periods beginning after
- 16 the date of the enactment of this Act.
- 17 PAYMENT UNDER MEDICARE PROGRAM FOR SERVICES OF
- 18 PHYSICIANS RENDERED AT A TEACHING HOSPITAL
- 19 Sec. 226. (a) Section 1861(b) of the Social Security
- 20 Act is amended by striking out the second sentence thereof
- 21 and inserting in lieu thereof the following:
- 22 "Paragraph (4) shall not apply to services provided in
- 23 a hospital by—
- "(6) an intern or a resident-in-training under a
- 25 teaching program approved by the Council on Medical

1 Education of the American Medical Association or, in 2 the case of an osteopathic hospital, approved by the Com-3 mittee on Hospitals of the Bureau of Professional Edu-4 cation of the American Osteopathic Association, or, in the case of services in a hospital or osteopathic hospital 5 6 by an intern or resident-in-training in the field of den-7 tistry, approved by the Council on Dental Education of 8 the American Dental Association; or

"(7) a physician where the hospital has a teaching program approved as specified in paragraph (6), unless (A) such inpatient is a private patient (as defined in regulations), or (B) where the hospital establishes that during the two-year period ending December 31, 1967, and each year thereafter all inpatients have been regularly billed by the hospital for services rendered by physicians and reasonable efforts have been made to collect in full from all patients and payment of reasonable charges (including applicable deductibles and coinsurance) has been regularly collected in full or in part from at least 50 percent of all inpatients."

21 (b)(1) So much of section 1814(a) of the Social 22 Security Act as precedes paragraph (1) is amended by 23 striking "subsection (d)," and inserting in lieu thereof "sub-24 sections (d) and (g),".

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1	(2) Section 1814 is further amended by adding at the
2	end thereof the following new subsection:
3	"PAYMENT FOR SERVICES OF A PHYSICIAN RENDERED
4	IN A TEACHING HOSPITAL
5	"(g) For purposes of services for which the reasonable
6	cost thereof is determined under section 1861(v)(1)(D),
7	payment under this part shall be made to such fund as may
8	be designated by the organized medical staff of the hospital
9	in which such services were furnished or, if such services were
10	furnished in such hospital by the faculty of a medical school,
11	to such fund as may be designated by such faculty, but only
12	if—
13	"(1) such hospital has an agreement with the Sec-
14	retary under section 1866, and
15	"(2) the Secretary has received written assurances
16	that (A) such payment will be used by such fund solely
17	for the improvement of care of hospital patients or for
18	educational or charitable purposes and (B) the individ-
19	uals who were furnished such services or any other per-
20	sons will not be charged for such services (or if charged,
21	provision will be made for return of any moneys in-
22	correctly collected)."
23	(c) Section 1861(v)(1) of such Act is amended—
24	(1) by inserting "(A)" after "(1)";
25	(2) by striking out "(A) take" and "(B) provide"

1	and inserting in lieu thereof "(i) take" and "(ii)
2	provide'', respectively;
3	(3) by inserting "(B)" immediately preceding
4	"Such regulations in the case of extended care services";
5	and
6	(4) by adding at the end thereof the following new
7	subparagraphs:
8	"(C) Where a hospital has an arrangement
9	with a medical school under which the faculty of
.0	such school provides services at such hospital, an
1	amount not in excess of the reasonable cost of such
.2	services to the medical school shall be included in
.3	determining the reasonable cost to the hospital of
4	furnishing services—
5	"(i) for which payment may be made un-
6	$der\ part\ A,\ but\ only\ if$
7	"(I) payment for such services as
.8	furnished under such arrangement would
9	be made under part A to the hospital had
20	such services been furnished by the hospital,
21	and
22	"(II) such hospital pays to the medi-
23	cal school at least the reasonable cost of
24	such services to the medical school, or
25	"(ii! for which naument may be made

1 under part B, but only if such hospital pays to
2 the medical school at least the reasonable cost of
3 such services to the medical school.

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"(D) Where (i) physicians furnish services which are either inpatient hospital services (including services in conjunction with the teaching programs of such hospital) by reason of paragraph (7) of subsection (b) or for which entitlement exists by reason of clause (II) of section 1832(a)(2) (B)(i) and (ii) such hospital (or medical school under arrangement with such hospital) incurs no actual cost in the furnishing of such services, the reasonable cost of such services shall (under regulations of the Secretary) be deemed to be the cost such hospital or medical school would have incurred had it paid a salary to such physicians rendering such services approximately equivalent to the average salary paid to all physicians employed by such hospital (or if such employment does not exist, or is minimal in such hospital, by similar hospitals in a geographic area of sufficient size to assure reasonable inclusion of sufficient physicians in development of such average salary).

(d)(1) Section 1861(u) of such Act is amended by striking out the period and inserting in lieu thereof the fol-

1	lowing: "or for purposes of section 1814(g) and section
2	1835(e), a fund.".
3	(2) So much of section 1866(a)(1) of such Act as
4	precedes subparagraph (A) is amended by inserting "(except
5	a fund designated for purposes of section 1814(g) and section
6	1835(e))" after "provider of services".
7	(e)(1) Section 1832(a)(2)(B) of such Act is amended
8	to read as follows:
9	"(B) medical and other health services fur-
.0	nished by a provider of services or by others under
.1	arrangements with them made by a provider of serv-
2	ices, excluding—
.3	"(i) physician services except where fur-
4	nished by—
.5	"(I) a resident or intern of a hospital,
6	or
17	"(II) a physician to a patient in a
18	hospital which has a teaching program ap-
19	proved as specified in paragraph (6) of sec-
20	tion 1861(b) (including services in con-
21	junction with the teaching programs of such
22	hospital), unless either clause (A) (whether
23	or not such patient is an inpatient of such
24	hoenital) or

1	(B) of paragraph (7) of such section is
2	met, and
3	(ii) services for which payment may be
4	made pursuant to section 1835(b)(2); and".
5	(2)(A) So much of section 1835(a) of the Social
6	Security Act as precedes paragraph (1) is amended by strik-
7	ing "subsections (b) and (c)," and inserting in lieu thereof
8	"subsections (b), (c), and (e),".
9	(B) Section 1835 is further amended by adding at
10	the end thereof the following new subsection:
11	"(e) For purposes of services (1) which are inpatient
12	hospital services by reason of paragraph (7) of section 1861
13	(b) or for which entitlement exists by reason of clause II of
14	section 1832(a)(2)(B)(i), and (2) for which the reason-
15	able cost thereof is determined under section 1861(v)(1)(D),
16	payment under this part shall be made to such fund as may be
17	designated by the organized medical staff of the hospital in
18	which such services were furnished or, if such services were
19	furnished in such hospital by the faculty of a medical school,
20	to such fund as may be designated by such faculty, but only if—
21	"(1) such hospital has an agreement with the
22	Secretary under section 1866, and
23	"(2) the Secretary has received written assurances
24	that such payment will be used by such fund solely for
25	the improvement of care to patients in such hospital
26	or for educational or charitable purposes and (B) the

1	individuals who were furnished such services or any
2	other persons will not be charged for such services (or if
3	charged provision will be made for return of any moneys
4	incorrectly collected)."
5	(3) Section 1842 of such Act is amended by inscrting
6	after "which involve payments for physicians' services" the
7	following: "on a reasonable charge basis".
8	(f) The amendments made by this section shall apply
9	with respect to accounting periods beginning after June 30,
10	1971.
11	AUTHORITY OF SECRETARY TO TERMINATE PAYMENTS
12	TO SUPPLIERS OF SERVICES
13	Sec. 227. (a) Section 1862 of the Social Security Act
14	(as amended by section 201 of this Act) is further amended
15	by adding at the end thereof the following new subsection:
16	"(d) (1) No payment may be made under this title
17	with respect to any item or services furnished to an individ-
18	ual by a person where the Secretary determines under this
19	subsection that such person—
20	"(A) has made, or caused to be made, any false
21	statement or representation of a material fact for use in
22	an application for payment under this title or for use in
23	determining the right to a payment under this title;
24	"(B) has submitted, or caused to be submitted, bills

or requests for payment under this title containing

charges (or in applicable cases requests for payment of 1 2 costs to such person) for services rendered which the 3 Secretary finds, with the concurrence of the appropriate 4 program review team appointed pursuant to paragraph (211)(4), (4) (except in the case of a provider of serv-5 ices) to be substantially in excess of such person's cus-6 7 tomary charges (or in applicable cases substantially in 8 excess of such person's costs) for such services, unless the 9 Secretary finds there is good cause for such bills or re-10 quests containing such charges (or in applicable cases, 11 such costs); or

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"(C) has furnished services or supplies which are determined by the Secretary, with the concurrence of the members of the appropriate program review team appointed pursuant to paragraph (4) who are physicians or other professional personnel in the health care field, to be (212) substantially grossly in excess of the needs of individuals or to be harmful to individuals or to be of a grossly inferior quality.

"(2) A determination made by the Secretary under this subsection shall be effective at such time and upon such reasonable notice to the public and to the person furnishing the services involved as may be specified in regulations. Such determination shall be effective with respect to services furnished to an individual on or after the effective date of such

- 1 determination (except that in the case of inpatient hospital
- 2 services, posthospital extended care services, and home
- 3 health services such determination shall be effective in the
- 4 manner provided in section 1866(b) (3) and (4) with
- 5 respect to terminations of agreements), and shall remain in
- 6 effect until the Secretary finds and gives reasonable notice
- 7 to the public that the basis for such determination has been
- 8 removed and that there is reasonable assurance that it will
- 9 not recur.
- 10 "(3) Any person furnishing services described in para-
- 11 graph (1) who is dissatisfied with a determination made by
- 12 the Secretary under this subsection shall be entitled to rea-
- 13 sonable notice and opportunity for a hearing thereon by
- 14 the Secretary to the same extent as is provided in section
- 15 205 (b), and to judicial review of the Secretary's final deci-
- 16 sion after such hearing as is provided in section 205 (g).
- "(4) For the purposes of paragraph (1) (B) and (C)
- 18 of this subsection, and clause (F) of section 1866 (b) (2),
- 19 the Secretary shall, after consultation with appropriate State
- 20 and local professional societies, the appropriate carriers and
- 21 intermediaries utilized in the administration of this title, and
- 22 consumer representatives familiar with the health needs of
- 23 residents of the State, appoint one or more program review
- 24 teams (composed of physicians, other professional personnel

1	in the health care field, and consumer representatives)	in
2	each State which shall, among other things-	

"(A) undertake to review such statistical data on program utilization as may be submitted by the Secretary,

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- "(B) submit to the Secretary periodically, as may be prescribed in regulations, a report on the results of such review, together with recommendations with respect thereto,
  - "(C) undertake to review particular cases where there is a likelihood that the person or persons furnishing services and supplies to individuals may come within the provisions of paragraph (1) (B) and (C) of this subsection or clause (F) of section 1866 (b) (2), and
  - "(D) submit to the Secretary periodically, as may be prescribed in regulations, a report of cases reviewed pursuant to subparagraph (C) along with an analysis of, and recommendations with respect to, such cases."
- (b) Section 1866 (b) (2) of such Act is amended by striking out the period at the end thereof and inserting in lieu thereof the following: ", or (D) that such provider has made, or caused to be made, any false statement or representation of a material fact for use in an application for payment under this title or for use in determining the right to a payment under this title, or (E) that such provider

- 1 has submitted, or caused to be submitted, requests for pay-
- 2 ment under this title of amounts for rendering services sub-
- 3 stantially in excess of the costs incurred by such provider
- 4 for rendering such services, or (F) that such provider has
- 5 furnished services or supplies which are determined by the
- 6 Secretary, with the concurrence of the members of the
- 7 appropriate program review team appointed pursuant to
- 8 section 1862 (d) (4) who are physicians or other profes-
- 9 sional personnel in the health care field, to be (213) substan-
- 10 tially grossly in excess of the needs of individuals or to be
- 11 harmful to individuals or to be of a grossly inferior quality."
- 12 (c) Section 1903 (g) of such Act (as added by section
- 13...224 (b) of this Act) is further amended by striking out "shall
- 14 not be made" and all that follows and inserting in lieu thereof
- 15 the following: "shall not be made—
- "(1) with respect to any amount paid for items or
- services furnished under the plan after (214) June 30,
- 18 1970, July 1, 1971, to the extent that such amount
- exceeds the charge which would be determined to be
- 20 reasonable for such items or services under the third,
- fourth, and fifth sentences of section 1842 (b) (3); or
- 22 "(2) with respect to any amount paid for services
- furnished under the plan after (215) June 30, 1970, July
- 24 1, 1971, by a provider or other person during any period
- of time, if payment may not be made under title XVIII

with respect to services furnished by such provider or 1 person during such period of time solely by reason of a 2 determination by the Secretary under section 1862 (d) 3 (1) or under clause (D), (E), or (F) of section 4 1866 (b) (2)." 5 (d) Section 506 (f) of such Act (as added by section 6 224 (c) of this Act) is further amended by striking out "no 7 payment shall be made" and all that follows and inserting in lieu thereof the following: "no payment shall be made to 9 10 any State thereunder— "(1) with respect to any amount paid for items 11 12 or services furnished under the plan after (216) June 30, 13 1970, July 1, 1971, to the extent that such amount 14 exceeds the charge which would be determined to be 15 reasonable for such items or services under the third, 16 fourth, and fifth sentences of section 1842 (b) (3); or 17 "(2) with respect to any amount paid for services 18 furnished under the plan after (217) June 30, 1970, July 19 1, 1971, by a provider or other person during any period 20 of time, if payment may not be made under title XVIII 21 with respect to services furnished by such provider or 22 person during such period of time solely by reason of a 23 determination by the Secretary under section 1862 (d) 24 (1) or under clause (D), (E), or (F) of section

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1866 (b) (2)."

	1	ELIMINATION	OF	REQUIREMENT	ТНАТ	STATES	MOVE
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- 2 TOWARD COMPREHENSIVE MEDICAID PROGRAMS
- 3 Sec. 228. Section 1903 (e) of the Social Security Act,
- 4 and section 2 (b) of Public Law 91-56 (approved August
- 5 9, 1969), are repealed.

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- 6 DETERMINATION OF REASONABLE COST OF INPATIENT
- 7 HOSPITAL SERVICES UNDER MEDICAID AND MATERNAL
- 8 AND CHILD HEALTH PROGRAMS
- 9 Sec. 229. (a) Section 1902 (a) (13) (D) of the Social
- 10 Security Act is amended to read as follows:
  - "(D) for payment of the reasonable cost of inpatient hospital services provided under the plan, as
    determined in accordance with methods and standards which shall be developed by the State and included in the plan and shall not result in any part
    of the cost of any such services provided to individuals covered by the plan being borne by individuals not so covered or in any part of the cost
    of any such services provided to individuals not so
    covered being borne by the plan, except that the
    reasonable cost of any such services as determined
    under such methods and standards shall not exceed
    the amount which would be determined under
    section 1861 (v) as the reasonable cost of such

services for purposes of title XVIII;".

- 1 (b) Section 505 (a) (6) of such Act is amended to read 2 as follows:
- "(6) provides for payment of the reasonable cost of 3 inpatient hospital services provided under the plan, as 4 determined in accordance with methods and standards 5 which shall be developed by the State and included in the 6 plan and shall not result in any part of the cost of any 7 such services provided to individuals covered by the plan. 8 being borne by individuals not so covered or in any part 9 10 of the costs of any such services provided to individuals not so covered being borne by the plan, except that the 11 reasonable cost of any such services as determined under 12 such methods and standards shall not exceed the amount 13 which would be determined under section 1861 (v) as 14 15 the reasonable cost of such services for purposes of title 16 XVIII:".
- 17 (c) The amendments made by this section shall be 18 effective July 1, 1971 (or earlier if the State plan so pro-19 vides).
- 20 AMOUNT OF PAYMENTS WHERE CUSTOMARY CHARGES FOR
- 21 SERVICES FURNISHED ARE LESS THAN REASONABLE
- 22 COST
- SEC. 230. (a) Section 1814 (b) of the Social Security
- 24 Act is amended to read as follows:

1	"Amount Paid to Providers
2	"(b) The amount paid to any provider of services with
3	respect to services for which payment may be made under
4	this part shall, subject to the provisions of section 1813,
5	be—
G	"(1) the lesser of (A) the reasonable cost of such
7	services, as determined under section 1861 (v), or (B)
S	the customary charges with respect to such services; or
9	"(2) if such services are furnished by a public
0	provider of services free of charge or at nominal charges
1	to the public, the amount determined on the basis of
12	those items (specified in regulations prescribed by the
13	Secretary) included in the determination of such reason-
4	able cost which the Secretary finds will provide fair com-
15	pensation to such provider for such services."
16	(b) Section 1833 (a) (2) of such Act is amended to
17	read as follows:
18	"(2) in the case of services described in section
19	1832 (a) (2)—80 percent of—
20	"(A) the lesser of (i) the reasonable cost of
21	such services, as determined under section 1861 (v)
22	or (ii) the customary charges with respect to such
23	services; or
24	"(B) if such services are furnished by a public

provider of services free of charge or at nominal 1 2 charges to the public, the amount determined in 3 accordance with section 1814 (b) (2)." 4 (c) Section 1903 (g) of such Act (as added by section 5 224 (b) and amended by section 227 (c) of this Act) is further amended by striking out the period at the end of para-6 graph (2) and inserting in lieu thereof "; or", and by 7 8 adding after paragraph (2) the following new paragraph: 9 "(3) with respect to any amount expended for in-10 patient hospital services furnished under the plan to the 11 extent that such amount exceeds the hospital's customary 12 charges with respect to such services or (if such services 13 are furnished under the plan by a public institution free 14 of charge or at nominal charges to the public) exceeds 15an amount determined on the basis of those items (speci-16 fied in regulations prescribed by the Secretary) included 17 in the determination of such payment which the Sec-18 retary finds will provide fair compensation to such insti-19 tution for such services." 20 (d) Section 506 (f) of such Act (as added by section 224 (c) and amended by section 227 (d) of this Act) is 22 further amended by striking out the period at the end of para-23 graph (2) and inserting in lieu thereof "; or", and by 24 adding after paragraph (2) the following new paragraph: 25 "(3) with respect to any amount expended for in-

patient hospital services furnished under the plan to the 1 2 extent that such amount exceeds the hospital's customary charges with respect to such services or (if such services 3 4 are furnished under the plan by a public institution free of charge or at nominal charges to the public) exceeds 5 6 an amount determined on the basis of those items (speci-7 fied in regulations prescribed by the Secretary) in-8 cluded in the determination of such payment which the 9 Secretary finds will provide fair compensation to such 10 institution for such services."

- 11 (e) Clause (2) of the second sentence of section 509 (a) 12 of such Act (as amended by section 221 (c) (3) of this Act) is further amended by inserting "(A)" before "the reason-13 14 able cost", and by inserting after "under the project," the 15 following: "or (B) if less, the customary charges with 16 respect to such services provided under the project, or (C) 17 if such services are furnished under the project by a public 18 institution free of charge or at nominal charges to the public, 19 an amount determined on the basis of those items (specified 20 in regulations prescribed by the Secretary) included in the 21 determination of such reasonable cost which the Secretary 22 finds will provide fair compensation to such institution for 23 such services".
- 24 (f) The amendments made by subsections (a) and (b)
  25 shall apply to services furnished by hospitals and extended

H.R. 17550-13

- 1 care facilities in accounting periods beginning after June 30,
- 2 (218) 1970 1971, and to services furnished by home health
- 3 agencies in accounting periods beginning after June 30,
- 4 (219)1970 1971. The amendments made by subsections
- 5 (c), (d), and (e) shall apply with respect to services fur-
- 6 nished (220) in calendar quarters by hospitals in accounting
- 7 periods beginning after June 30, (221) 1970 1971.
- 8 INSTITUTIONAL PLANNING UNDER MEDICARE PROGRAM
- 9 Sec. 231. (a) The first sentence of section 1861 (e) of
- 10 the Social Security Act is amended—
- 11 (1) by striking out "and" at the end of paragraph
- 12 (7);
- 13 (2) by redesignating paragraph (8) as paragraph
- 14 (9); and
- 15 (3) by inserting after paragraph (7) the following
- 16 new paragraph:
- "(8) has in effect an overall plan and budget that
- meets the requirements of subsection (z); and".
- (b) Section 1861 (f) (2) of such Act is amended to
- 20 read as follows:
- "(2) satisfies the requirements of paragraphs (3)
- through (9) of subsection (e);".
- 23 (c) Section 1861 (g) (2) of such Act is amended to
- 24 read as follows:
- 25 "(2) satisfies the requirements of paragraphs (3)
- through (9) of subsection (e);".

1	(d) The first sentence of section 1861 (j) of such Act
2	is amended—
3	(1) by striking out "and" at the end of paragraph
4	(9);
5	(2) by redesignating paragraph (10) as paragraph
6	(11); and
7	(3) by inserting after paragraph (9) the following
8	new paragraph:
9	"(10) has in effect an overall plan and budget
0.	that meets the requirements of subsection (z); and".
1	(e) Section 1861 (o) of such Act is amended—
2	(1) by striking out "and" at the end of paragraph
3	(4);
4	(2) by redesignating paragraph (5) as paragraph
5	(6); and
16	(3) by inserting after paragraph (4) the following
17	new paragraph:
18	"(5) has in effect an overall plan and budget that
19	meets the requirements of subsection (z); and".
20	(f) Section 1861 of such Act is further amended by
21	adding at the end thereof the following new subsection:
22	"Institutional Planning
23	"(z) An overall plan and budget of a hospital, extended
24	care facility, or home health agency shall be considered suffi-
25	cient if it—

L	"(1) provides for an annual operating budget
2	which includes all anticipated income and expenses re-
3	lated to items which would, under generally accepted ac-
ł	counting principles, be considered income and expense
5	items (222) (except that nothing in this paragraph shall
3	require that there be prepared, in connection with any
7	budget, an item-by-item identification of each type of the
3	components of each such type of anticipated expenditure
)	or income);

- "(2) provides for a capital expenditures plan for at least a 3-year period (including the year to which the operating budget described in subparagraph (1) is applicable) which includes and identifies in detail the anticipated sources of financing for, and the objectives of, each anticipated expenditure in excess of \$100,000 related to the acquisition of land, the improvement of land, buildings, and equipment, and the replacement, modernization, and expansion of buildings and equipment which would, under generally accepted accounting principles, be considered capital items;
- "(3) provides for review and updating at least annually; and
- "(4) is prepared, under the direction of the governing body of the institution or agency, by a committee consisting of representatives of the governing body, the administrative staff, and the medical staff (if any) of the institution or agency."

- 1 (g) (1) Section 1814 (a) (2) (C) and section 1814
- 2 (a) (2) (D) of such Act are each amended by striking out
- 3 "and (8)" and inserting in lieu thereof "and (9)".
- 4 (2) Section 1863 of such Act is amended by striking
- 5 out "subsections (e) (8), (f) (4), (g) (4), (j) (10), and
- 6 (a) (5)" and inserting in lieu thereof "subsections (e) (9),
- 7 (f) (4), (g) (4), (j) (11), and (o) (6)".
- 8 (h) Section 1865 of such Act is amended—
- 9 (1) by striking out "(except paragraph (6) there-
- of)" in the first sentence and inserting in lieu thereof
- " (except paragraphs (6) and (8) thereof)", and
- 12 (2) by striking out the second sentence and insert-
- ing in lieu thereof the following: "If such Commission,
- as a condition for accreditation of a hospital, (1) re-
- quires a utilization review plan as defined in section
- 16 1861 (k) or imposes another requirement which serves
- substantially the same purpose, or (2) requires insti-
- tutional plans as defined in section 1861 (z) or imposes
- another requirement which serves substantially the same
- purpose, the Secretary is authorized to find that all
- institutions so accredited by the Commission comply
- also with section 1861 (e) (6) or 1861 (e) (8), as the
- case may be."
- (i) The amendments made by this section shall apply
- 25 with respect to any provider of services for fiscal years (of

1	such	provider	(223)	beginning	after	the	fifth	month	follow-
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- 2 ing the month in which this Act is enacted for fiscal years
- 3 beginning after June 30, 1971.
- 4 PAYMENTS TO STATES UNDER MEDICAID PROGRAMS FOR
- 5 INSTALLATION AND OPERATION OF CLAIMS PROC-
- 6 ESSING AND INFORMATION RETRIEVAL SYSTEMS
- 7 Sec. 232. (a) Section 1903 (a) of the Social Security
- 8 Act is amended by redesignating paragraph (3) as para-
- 9 graph (4), and by inserting after paragraph (2) the
- 10 following new paragraph:

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"(3) an amount equal to—

12 "(A) 90 per centum of so much of the sums 13 expended during such quarter as are attributable 14 to the design, development, or installation of such 15 mechanized claims processing and information re-16 trieval systems as the Secretary determines are 17 likely to provide more efficient, economical, and 18 effective administration of the plan and to be com-19 patible with the claims processing and information 20 retrieval systems utilized in the administration of 21 title XVIII, including the State's share of the cost 22 of installing such a system to be used jointly in the 23 administration of such State's plan and the plan of

"(B) 75 per centum of so much of the sums

any other State approved under this title, and

expended during such quarter as are attributable to the operation of systems of the type described in subparagraph (A) (whether or not designed, developed, or installed with assistance under such sub-4 paragraph) which are approved by the Secretary and which include provision for prompt written notice to each individual who is furnished services covered by the plan of the specific services so covered, the name of the person or persons furnishing the services, the date or dates on which the services were furnished, and the amount of the payment or payments made under the plan on account of the services; plus".

- (b) The amendments made by subsection (a) shall 11 15 apply with respect to expenditures under State plans approved under title XIX of the Social Security Act made 16 after June 30, (224) 1970 1971. 17
- (225) ADVANCE APPROVAL OF EXTENDED CARE AND HOME 18
- 19 HEALTH COVERAGE UNDER MEDICARE PROGRAM
- 20 SEC. 233. (a) Section 1862 of the Social Security Act
- 21 (as amended by sections 201 and 227(a) of this Act) is
- 22 further amended by adding at the end thereof the following
- 23 new subsection:

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24 "(e) (1) In any case where post-hospital extended care 1 services or post hospital home health services are furnished
2 to an individual and—

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"(A) a physician provides the certification referred to in subparagraph (C) or (D) of section 1814(a) (2), as the ease may be, and the condition of the individual with respect to which such certification is made is a condition designated in regulations,

"(B) such physician (in the case of such extended care services) submitted to the extended care facility which is to provide such services, prior to the admission of such individual to such facility, a plan for the furnishing of such services, or (in the case of such home health services) submitted to the home health agency which is to furnish such services, prior to the first visit to such individual, a plan specifying the type and frequency of the services required, and

"(C) there is compliance with such other requirements and procedures as may be specified in regulations, the provisions of paragraphs (1) and (9) of subsection (a) shall not apply (except as may be provided in section 1814 (a) (7)) for such periods of time, with respect to such conditions of the individual, as may be prescribed in regulations.

24 "(2) In specifying the conditions included under para-25 graph (1) and the periods for which paragraphs (1) and

- 1 (9) of subsection (a) shall not apply, the Secretary shall
- 2 take into account the medical severity of such conditions,
- 3 the period over which such conditions generally require the
- 4 services specified in subparagraphs (C) and (D) of section
- 5 1814 (a) (2), the length of stay in an institution generally
- 6 needed for the treatment of such conditions, and such other
- 7 factors affecting the type of care to be provided as the
- 8 Secretary deems pertinent.
- 9 "(3) If the Secretary determines with respect to a
- 10 physician that such physician is submitting with some fre-
- 11 quency (A) erroneous certifications that individuals have
- 12 conditions designated in regulations as provided in this sub-
- 13 section or (B) plans for providing services which are in-
- 14 appropriate, the provisions of paragraph (1) shall not apply,
- 15 after the effective date of such determination, in any case
- in which such physician submits a certification or plan re-
- 17 ferred to in subparagraph (A) or (B) of such paragraph."
- 18 (b) The amendments made by this section shall be
- 19 effective with respect to admissions to extended care facili-
- 20 ties, and home health plans initiated, on or after January 1,
- 21 1971.
- 22 PAYMENT FOR EXTENDED CARE AND HOME HEALTH
- 23 SERVICES
- 24 Sec. 233. (a)(1) Section 1814(a)(2)(C) of the So-
- 25 cial Security Act is amended by striking the phrase, "skilled

1	nursing care on a continuing basis" and inserting in lieu
2	thereof, "posthospital institutional care which requires the
3	continuing availability of skilled nursing and related skilled
4	services";
5	(2) Section 1814 of such Act (as amended by section
6	226 of this Act) is amended by adding at the end thereof
7	the following new subsections:
8	"Payment for Posthospital Extended Care Services
9	"(h) An individual shall be presumed to require the
10	care specified in subsection (a)(2)(C) of this section and
11	payment shall be made to an extended care facility (subject
<b>1</b> 2	to the provisions of section 1812) for posthospital extended
<b>1</b> 3	care services which are furnished by such facility to such
14	individual if—
15	"(1) the certification referred to in subsection (a)
16	(2)(C) of this section is submitted for approval in timely
17	fashion prior to the time of admission of such individual
18	to such extended care facility, and
19	"(2) such certification is accompanied by (A) a
20	plan of treatment for providing such services, and (B)
21	as may be required by regulations, an estimate of the
22	period for which such services will be required, and
23	"(3) there has not been a finding prior to or at the
24	time of such admission by a review group desig-

1	nated by the Secretary that such individual does no
2	require the care specified in subsection (a)(2)(C) of
3	this section

- but only for services furnished— 4
- 5 "(4) during the first ten days of the individual's 6 stay in the extended care facility, or
- 7 "(5) if less, during such period as may be certified 8 under subparagraph (2)(B) or as may be approved by 9 the review group under paragraph (3).
- 10 A similar presumption and payment for services furnished 11 thereafter (for such number of days as are specifically ap-12 proved by the review group) shall be made pursuant to the 13 preceding sentence if, prior to the third day before the last 14 day for which such payment may be made or (if earlier) a 15 day specified by such review group, appropriate medical and 16 related evidence is submitted on the basis of which such review 17 group finds that such individual continues to require for a 18 period determined in accordance with paragraph (4) or (5) 19 the care specified in subsection (a)(2)(C) of this section; 20 except that where such evidence is submitted in timely fashion 21 but does not support such a finding, payment may be made 22 for such services as are furnished by such extended care fa-23 cility before the third day after the day on which such facility 24

receives notice of the review group's determination.

1	"Payment for Posthospital Home Health Services
2	"(i) An individual shall be presumed to require the
3	services specified in subsection (a)(2)(D) of this section
4	and payment shall be made to a home health agency (subject
5	to the provisions of section 1812) for posthospital home
6	health services furnished by such agency to such individual
7	if
8	"(1) the certification and plan referred to in sub-
9	section (a)(2)(D) of this section, accompanied by such
10	estimate of the number of visits which will be required
11	by such individual as may be required in regulations, is
12	submitted in timely fashion prior to the first visit by
13	such agency, and
14	"(2) there has not been a finding prior to such first
15	visit by a review group designated by the Secretary that
16	such individual does not require skilled nursing care on
17	an intermittent basis or physical or speech therapy,
18	but only for services furnished—
19	"(3) during the first ten such visits, or
20	"(4) if less, for such number of visits as may be
21	certified under paragraph (1) and as may be approved
22	by the review group under paragraph (2).
23	A similar presumption and payment for services furnished
24	(for such number of visits as are specifically approved by the

- 1 review group) during subsequent visits by such agency shall
- 2 be made pursuant to the preceding sentence if, prior to the
- 3 seventh day before the final visit for which such payment may
- 4 be made or (if earlier) a day specified by such review group,
- 5 appropriate medical and related evidence is submitted on the
- 6 basis of which such review group finds that such individual
- 7 continues for a number of visits determined in accordance with
- 8 paragraph (3) or (4) to require skilled nursing care on
- 9 an intermittent basis or physical or speech therapy; except
- 10 that where such evidence is submitted in timely fashion, but
- 11 does not support such a finding, payment may be made for
- 12 such services as are furnished by such home health agency
- 13 before the day on which such agency receives notice of the
- 14 review group's determination."
- 15 (3) Section 1835 of such Act is amended by adding at
- 16 the end thereof the following new subsection:
- "(e) An individual shall be presumed to require the
- 18 services specified in subsection (a)(2)(A) of this section and
- 19 payment shall be made to a home health agency (subject to
- the provisions of section 1832) for home health services fur-
- 21 nished by such agency to such individual if—
- 22 "(1) the certification and plan referred to in sub-
- section (a)(2)(A) of this section, accompanied by such
- estimate of the number of visits which will be required

1	by such individuals as may be required by regulations,
2	is submitted in timely fashion prior to the first visit by
3	such agency, and
4	"(2) there has not been a finding prior to such
5	first visit by a review group designated by the Secretary
6	that such individual does not require skilled nursing care
7	on an intermittent basis or physical or speech therapy,
8	but only for services furnished—
9	"(3) during the first ten such visits, or
10	"(4) if less, for such number of such visits as may
11	be certified under paragraph (1) or as may be approved
12	by the review group under paragraph (2).
13	Payment for services furnished during subsequent visits (for
14	such number of visits as are specifically approved by the
15	review group) by such agency shall be made pursuant to the
16	preceding sentence if, prior to the seventh day before the final
17	visit for which such payment may be made or (if earlier) a
18	day specified by such review group, appropriate medical and
19	related evidence is submitted on the basis of which such review
20	group finds that such individual continues to require for a
21	number of visits determined in accordance with paragraph
22	(3) or (4) skilled nursing care on an intermittent basis or
23	physical or speech therapy; except that where such evidence is
24	submitted in timely fashion, but does not support such a find-
25	ing, payment may be made for such services as are furnished

- 1 by such home health agency before the day on which such
- 2 agency receives notice of the review group's determination.
- 3 The amendments made by this section shall apply to plans of
- 4 care initiated after June 30, 1971."
- 5 PROHIBITION AGAINST REASSIGNMENT OF CLAIMS TO
- 6 BENEFITS
- 7 Sec. 234. (a) Section 1842 (b) of the Social Security
- 8 Act is amended by adding at the end thereof the following
- 9 new paragraph:
- 10 "(5) No payment (226) under this part for a service
- 11 provided to any individual shall (except as provided in section
- 12 1870) be made to anyone other than such individual or (pur-
- 13 suant to an assignment described in subparagraph (B) (ii) of
- 14 paragraph (3)) the physician or other person who provided
- 15 the service, except that payment may be made (A) to the
- 16 for a service shall be made pursuant to an assignment under
- 17 subparagraph (B) (ii) of paragraph (3) of this subsection
- 18 or under subsection (f) of section 1870 to anyone other than
- 19 the physician or other person who furnishes the service, ex-
- 20 cept that payment may be made (A) to the employer of such
- 21 physician or other person if such physician or other person
- 22 is required as a condition of his employment to turn over
- 23 his fee for such service to his employer, or (B) (where
- 24 the service was provided in a hospital, clinic, or other
- 25 facility) to the facility in which the service was provided

- 1 if there is a contractual arrangement between such physi-
- 2 cian or other person and such facility under which such
- 3 facility submits the bill for such service."

- 4 (b) Section 1902 (a) of such Act is amended—
- 5 (1) by striking out "and" at the end of paragraph 6 (29);
  - (2) by striking out the period at the end of paragraph (30) and inserting in lieu thereof "; and"; and
  - (3) by inserting after paragraph (30) the following new paragraph:

"(31) provide that no payment under the plan for any care or service provided to an individual by a physician, dentist, or other individual practitioner shall be made to anyone other than such individual or such physician, dentist, or practitioner, except that payment may be made (A) to the employer of such physician, dentist, or practitioner if such physician, dentist, or practitioner is required as a condition of his employment to turn over his fee for such care or service to his employer, or (B) (where the care or service was provided in a hospital, clinic, or other facility) to the facility in which the care or service was provided if there is a contractual arrangement between such physician, dentist, or practitioner and such facility under which such facility submits the bill for such care or service."

- 1 (c) The amendment made by subsection (a) shall ap-
- 2 ply with respect to bills submitted and requests for payments
- 3 made after (227) the date of the enactment of this Act Feb-
- 4 ruary 28, 1971. The amendments made by subsection (b)
- 5 shall be effective July 1, 1971 (or earlier if the State plan
- 6 so provides).
- 7 UTILIZATION REVIEW REQUIREMENTS FOR HOSPITALS AND
- 8 SKILLED NURSING HOMES UNDER MEDICAID AND MA-
- 9 TERNAL AND CHILD HEALTH PROGRAMS
- 10 Sec. 235. (a) (1) Section 1903 (g) of the Social Se-
- 11 curity Act (as added by section 224 (b) and amended by
- 12 sections 227 (c) and 230 (c) of this Act) is further amended
- 13 by striking out the period at the end of paragraph (3) and
- 14 inserting in lieu thereof "; or", and by adding after para-
- 15 graph (3) the following new paragraph:
- "(4) with respect to any amount expended for care
- or services furnished under the plan by a hospital or
- skilled nursing home unless such hospital or skilled nurs-
- ing home has in effect a utilization review plan which
- 20 meets the requirements imposed by section 1861 (k) for
- 21 purposes of title XVIII; and if such hospital or skilled
- nursing home has in effect such a utilization review plan
- for purposes of title XVIII, such plan shall serve as the
- plan required by this subsection (with the same stand-

- ards and procedures and the same review committee or
- 2 group) as a condition of payment under this title."
- 3 (2) Section 1902 (a) (30) of such Act is amended by
- 4 inserting "(including but not limited to utilization review
- 5 plans as provided for in section 1903 (g) (4))" after "plan"
- 6 where it first appears.
- 7 (b) Section 506 (f) of such Act (as added by section
- 8 224(c) and amended by sections 227(d) and 230(d) of
- 9 this Act) is further amended by striking out the period at
- 10 the end of paragraph (3) and inserting in lieu thereof ";
- 11 or", and by adding after paragraph (3) the following new
- 12 paragraph:
- 13 "(4) with respect to any amount expended for
- services furnished under the plan by a hospital unless
- such hospital has in effect a utilization review plan which
- meets the requirement imposed by section 1861 (k) for
- purposes of title XVIII; and if such hospital has in
- effect such a utilization review plan for purposes of title
- 19 XVIII, such plan shall serve as the plan required by
- this subsection (with the same standards and procedures
- and the same review committee or group) as a condition
- of payment under this title."
- (c) (1) The amendments made by subsections (a) (1)
- and (b) shall apply with respect to services furnished in
- 25 calendar quarters beginning after June 30, 1971.

- 1 (2) The amendment made by subsection (a) (2) shall
- 2 be effective July 1, 1971.
- 3 ELIMINATION OF REQUIREMENT THAT COST-SHARING
- 4 CHARGES IMPOSED ON INDIVIDUALS OTHER THAN CASH
- 5 RECIPIENTS UNDER MEDICAID BE RELATED TO THEIR
- 6 INCOME
- 7 Sec. 236. (a) Section 1902 (a) (14) of the Social
- 8 Security Act is amended to read as follows:
- 9 "(14) provide that in the case of individuals re-
- 10 ceiving aid or assistance under State plans approved
- under titles I, X, XIV, and XVI, and part A of title
- 12 IV, no deduction, cost sharing, or similar charge will
- be imposed under the plan on the individual with respect
- to services furnished him under the plan;".
- 15 (b) The amendment made by subsection (a) shall be
- 16 effective January 1, 1971 (or earlier if the State plan so
- 17 provides).
- 18 NOTIFICATION OF UNNECESSARY ADMISSION TO A HOSPI-
- 19 TAL OR EXTENDED CARE FACILITY UNDER MEDICARE
- 20 PROGRAM
- 21 SEC. 237. (a) Section 1814 (a) (7) of the Social Secu-
- 22 rity Act is amended by striking out "as described in section
- 23 1861 (k) (4)" and inserting in lieu thereof "as described
- 24 in section 1861 (k) (4), including any finding made in the

1	course of a sample of other review of aumissions to the
2	institution".
3	(b) The amendment made by subsection (a) shall apply
4	with respect to services furnished after the second month fol-
5	lowing the month in which this Act is enacted.
6	USE OF STATE HEALTH AGENCY TO PERFORM CERTAIN
7	FUNCTIONS UNDER MEDICAID AND MATERNAL AND
8	CHILD HEALTH PROGRAMS
9	Sec. 238. (a) Section 1902 (a) (9) of the Social Secu-
10	rity Act is amended to read as follows:
11	"(9) provide—
12	"(A) that the State health (228), or other ap-
13	propriate State medical, agency (229) (whichever is
14	utilized by the Secretary for the purpose specified in
15	the first sentence of section 1864(a)) shall be re-
16	sponsible for establishing and maintaining health
17	standards for private or public institutions in which
18	recipients of medical assistance under the plan may
19	receive care or services, and
20	"(B) for the establishment or designation of a
21	State authority or authorities which shall be respon-
22	sible for establishing and maintaining standards,
23	other than those relating to health, for such in-
24	stitutions;".

1	(b) Section 1902 (a)	of such Act (as amended by
2	section 234 (b) of this Act)	is further amended—

- 3 (1) by striking out "and" at the end of paragraph
  4 (30);
  - (2) by striking out the period at the end of paragraph (31) and inserting in lieu thereof "; and"; and
- 7 (3) by inserting after paragraph (31) the follow-8 ing new paragraph:

## "(32) provide—

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- "(A) that the State health agency (230), or other appropriate State medical agency, shall be responsible for establishing a plan, consistent with regulations prescribed by the Secretary, for the review by appropriate professional health personnel of the appropriateness and quality of care and services furnished to recipients of medical assistance under the plan in order to provide guidance with respect thereto in the administration of the plan to the State agency established or designated pursuant to paragraph (5) and, where applicable, to the State agency described in the last sentence of this subsection; and
  - "(B) that the State health agency, or, if the

1 services of another State or local agency are

2	(231) being utilized by the Secretary for the purpose
3	specified in the first sentence of section 1864 (a),
4	such other agency, will perform for tthe State agency
5	administering or supervising the administration of
6	the plan approved under this title the function of
7	determining whether institutions and agencies meet
8	the requirements for participation in the program
9	under such plan."
10	(c) Section 505 (a) of such Act is amended—
11	(1) by striking out "and" at the end of paragraph
12	(13);
13	(2) by striking out the period at the end of para-
14	graph (14) and inserting in lieu thereof "; and "; and
15	(3) by adding after paragraph (14) the following
16	new paragraph:
17	"(15) provides—
18	"(A) that the State health agency (232), or
19	other appropriate State medical agency, shall be re-
20	sponsible for establishing a plan, consistent with regu-
21	lations prescribed by the Secretary, for the review by
22	appropriate professional health personnel of the
23	appropriateness and quality of care and services
24	furnished to recipients of services under the plan

1	and, where applicable, for providing guidance with
2	respect thereto to the other State agency referred
3	to in paragraph (2); and

"(B) that the State health agency, or, if the services of another State or local agency are (233) be ing utilized by the Secretary for the purpose specified in the first sentence of section 1864 (a), such other agency, will perform the function of determining whether institutions and agencies meet the requirements for participation in the program under the plan under this title."

12 (d) The amendments made by this section shall be effected 13 tive July 1, 1971.

## (234) PAYMENTS TO HEALTH MAINTENANCE

## ORGANIZATIONS

SEC. 239. (a) Title XVIII of the Social Scenrity Act
is amended by adding after section 1875 the following new
section:

"PAYMENTS TO HEALTH MAINTENANCE ORGANIZATIONS

"SEC. 1876. (a) (1) In lieu of amounts which would

otherwise be payable pursuant to sections 1814 (b) and 1833

(a), the Secretary is authorized to determine, by actuarial

methods, as provided in this section, with respect to any

health maintenance organization, a combined part A and

part B, prospective, per capita rate of payment for services

- 1 provided for enrollees in such organization who are entitled
- 2 to hospital insurance benefits under part A and enrolled for
- 3 medical insurance benefits under part B.
- 4 "(2) Such rate of payment shall be determined annu-
- 5 ally in accordance with regulations, taking into account the
- 6 health maintenance organization's premiums with respect to
- 7 its other enrollees (with appropriate actuarial adjustments
- 8 to reflect the difference in utilization between its members
- 9 who are under age 65 and its members who are age 65 and
- 10 ever) and such other pertinent factors as the Secretary may
- 11 prescribe in regulations, and shall be designed to provide
- 12 payment at a level not to exceed 95 per centum of the
- 13 amount that the Secretary estimates (with appropriate ad-
- 14 justments to assure actuarial equivalence) would be pay-
- 15 able for services covered under this title if such services
- 16 were to be furnished by other than health maintenance
- 17 organizations.
- 18 "(3) The payments to health maintenance organiza-
- 19 tions under this subparagraph shall be made from the Fed-
- 20 eral Hospital Insurance Trust Fund and the Federal Sup-
- 21 plementary Medical Insurance Trust Fund. The portion of
- 22 such payment to such an organization for a month to be paid
- 23 by the latter trust fund shall be equal to 200 percent of
- 24 the product of (A) the number of covered enrollees of such
- organization for such month, and (B) the monthly premium

- 1 rate for supplementary medical insurance for such month
- 2 as has been determined and promulgated under section 1839
- 3 (b) (2). The remainder of such payment shall be paid by
- 4 the former trust fund.

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- 5 "(b) The term 'health maintenance organization' means
- 6 a public or private organization which-
- 7 "(1) provides, either directly or through arrange-8 ments with others, health services to enrollees on a per 9 capita prepayment basis;
  - "(2) provides with respect to enrollees to whom this section applies (through institutions, entities, and persons meeting the applicable requirements of section 1861) all of the services and benefits covered under parts A and B of this title;
  - "(3) provides physicians' services directly through physicians who are either employees or partners of such organization or under an arrangement with an organized group or groups of physicians which is or are reimbursed for services on the basis of an aggregate fixed sum or on a per capita basis;
  - "(4) demonstrates to the satisfaction of the Secretary proof of financial responsibility and proof of capability to provide comprehensive health care services, including institutional services, efficiently, effectively, and economically;

1	"(5) has enrolled members at least half of whom
2	consist of individual under age 65;
3	"(6) has arrangements for assuring that the health
4	services required by its members are received promptly
5	and appropriately and that the services that are received
6	measure up to quality standards which it establishes in
7	accordance with regulations; and
8	"(7) has an open enrollment period at least once
9	every two years, under which it accepts eligible persons
10	(as defined under subsection (d)) without underwrit-
11	ing restrictions and on a first-come first accepted basis
12	up to the limit of its eapacity (unless to do so would
13	result in failure to meet the requirement of para-
14	<del>graph (5)).</del>
15	"(e) the benefits provided to an individual under this
16	section shall consist of
17	"(1) entitlement to have payment made on his
18	behalf for all services described in section 1812 and sec-
19	tion 1832 which are furnished to him by the health
20	maintenance organization with which he is enrolled pur-
21	suant to subsection (e) of this section; and
22	"(2) entitlement to have payment made by such
23	health maintenance organization to him or on his behalf
24	for such emergency services (as defined in regulations)
25	as may be furnished to him by a physician, supplier, or

- 1 provider of services, other than the health maintenance
- 2 organization with which he is enrolled.
- 3 "(d) Subject to the provisions of subsection (e): every
- 4 individual who is entitled to hospital insurance benefits under
- 5 part A and is enrolled for medical insurance benefits under
- 6 part B shall be eligible to enroll with a health maintenance
- 7 organization (as defined in subsection (b)) which serves the
- 8 geographic area in which such individual resides.
- 9 "(e) An individual may enroll with a health mainte-
- 10 nance organization under this section, and may terminate
- 11 such enrollment, as may be prescribed by regulations.
- 12 "(f) Any individual enrolled with a health maintenance
- 13 organization under this section who is dissatisfied by reason
- 14 of his failure to receive without additional cost to him any
- 15 health service to which he believes he is entitled shall, if
- 16 the amount in controversy is \$100 or more, be entitled to a
- 17 hearing before the Sceretary to the same extent as is pro-
- 18 vided in section 205 (b) and in any such hearing the Secre-
- 19 tary shall make such health maintenance organization a party
- 20 thereto. If the amount in controversy is \$1,000 or more, such
- 21 individual or health maintenance organization shall be en-
- 22 titled to judicial review of the Secretary's final decision after
- 23 such hearing as is provided in section 205 (g).
- 24 "(g) (1) If the health maintenance organization pro-
- 25 vides its enrollees under this section only the services de-

- 1 seribed in subsection (e), its premium rate for such enrollees
- 2 shall not exceed the actuarial value of the cost-sharing pro-
- 3 visions applicable under part A and part B.
- 4 "(2) If the health maintenance organization provides
- 5 its enrollees under this section with additional services over
- 6 those described in subsection (e), it shall furnish such en-
- 7 rollees with information as to the division of its premium rate
- 8 between the portion applicable to such additional services
- 9 and the portion applicable to the services described in sub-
- 10 section (e), subject to the limitation that the latter portion
- 11 may not exceed the actuarial value of the cost-sharing pro-
- 12 visions applicable under part A and part B."
- (b) Section 1866 of such Act is amended by adding
- 14 at the end thereof the following new subsection:
- 15 "(f) For purposes of this section, the term 'provider
- 16 of services' shall include a health maintenance organization
- 17 if such organization meets the requirements of section 1876."
- (e) Notwithstanding the provisions of section 1833 of
- 19 the Social Security Act, any health maintenance organiza-
- 20 tion which has entered into an agreement with the Secre-
- 21 tary pursuant to section 1866 of such Act shall, for the
- 22 duration of such agreement, be entitled to reimbursement
- only as provided in section 1876 of such Act.
- 24 (d) The effective date of any agreement with any health
- 25 maintenance organization pursuant to section 1866 of such

- 1 Act shall be specified in such agreement pursuant to regula-
- 2 tions.
- 3 (e) (1) Section 1814 (a) of such Act is amended by
- 4 striking out "Except as provided in subsection (d)," and
- 5 inserting in lieu thereof the following: "Except as provided
- 6 in subsection (d) or in section 1876,".
- 7 (2) Section 1833 (a) of such Act is amended by striking
- 8 out "Subject to" and inserting in lieu thereof the following:
- 9 "Except as provided in section 1876, and subject to".
- 10 (3) Section 1866 (b) (2) of such Act is amended by
- 11 inserting after "1861" in clause (B) the following: "(or of
- 12 section 1876 in the case of a health maintenance organi-
- 13 zation)".
- 14 (f) The amendments made by this section shall be effec-
- 15 tive with respect to services provided on or after January
- <sup>16</sup> 1, 1971.
- 17 PAYMENT TO HEALTH MAINTENANCE ORGANIZATIONS
- 18 SEC. 239. (a) Title XVIII of the Social Security Act
- 19 is amended by adding after section 1875 the following new
- 20 section:
- 21 "PAYMENTS TO HEALTH MAINTENANCE ORGANIZATIONS
- "Sec. 1876. (a) (1) In lieu of amounts which would
- otherwise be payable pursuant to sections 1814(b) and 1833
- <sup>24</sup> (a), the Secretary is authorized to determine, as provided in

1	this section, with respect to any health maintenance organiza-
2	tion, a prospective per capita rate of payment—
3	"(A) for services provided under parts A and B
4	for individuals enrolled with such organization pursuant
5	to subsection (e) who are entitled to hospital insurance
6	benefits under part A and enrolled for medical insurance
7	benefits under part B, and
8	"(B) for services provided under part B for in-
9	dividuals enrolled with such organization pursuant to
10	subsection (e) who are not entitled to benefits under part
11	A but who are enrolled for benefits under part B.
12	"(2)(A) Each such rate of payment shall be deter-
13	mined annually in accordance with regulations, based on
14	established actuarial methods taking into account the health
15	maintenance organization's premiums with respect to its other
16	enrollees (with appropriate actuarial adjustments to reflect
17	the difference in utilization of resources between its members
18	who are under age 65 and its members who are age 65 or
19	over) and such other pertinent factors as the Secretary may
20	prescribe in regulations, and shall be designed to provide
21	payment at a level not to exceed the lesser of—
22	"(i) The portion of such organization's net premium
23	with respect to its members who are under age 65 which
24	represents its average per capita cost of providing bene-
25	fits to such members (excluding administrative expenses),
26	adjusted to the extent necessary to reflect the difference

in utilization of services between its members who are under age 65 and its members who are age 65 or over, and also, in the selection of risk arising from underwriting procedures, plus—

"(I) A percentage of such adjusted net premium equal to the percentage by which such organization's weighted average premium with respect to its members who are under age 65 exceeds the portion of such premium which represents such organization's average per capita cost of providing services to such members and its administrative expenses, or

- "(II) If less, 150 per centum of the dollar amount by which such organization's weighted average premium rate with respect to members who are under age 65 exceeds the portion of such premium rate which represents such organization's average per capita cost of providing services to them and its administrative expenses, or
- "(ii) Ninety-five per centum of the amount which the Secretary estimates (with appropriate adjustment to assure actuarial equivalence) would otherwise be payable under this title for costs of such services (excluding administrative expenses) if they were furnished by other than health maintenance organizations.
- "(B) In addition to the amount determined pursuant to

- 1 subparagraph (A), there shall be payable to a health main-
- 2 tenance organization a reasonable allowance for its adminis-
- 3 trative costs which are not normally incurred by providers of
- 4 services (as defined in regulations). Such allowance shall,
- 5 however, in no case exceed 95 per centum of the national aver-
- 6 age (determined on a per capita basis) of administrative costs
- 7 incurred by organizations described in sections 1816 and
- 8 1842, as determined by the Secretary on the basis of recent
- 9 reliable data.
- "(C) If the conditions specified in subparagraph (D)
- 11 are met, the Secretary may pay any health maintenance
- 12 organization at the 95 per centum actuarially equivalent
- 13 rate specified in clause (ii) of subparagraph (A) even
- 14 though it may be larger than the rate specified in clause (i),
- 15 plus an allowance for administrative expenses as specified
- 16 in subparagraph (B).
- "(D) Payment at the rate specified in subparagraph
- 18 (C) may be made to a health maintenance organization only
- 19 if such organization provides the Secretary with satisfactory
- 20 assurance that any amounts attributable to the difference be-
- 21 tween payment at such rate and payment at the rate specified
- 22 in subparagraph (A) will be used in full by such organization
- 23 for providing its enrollees under this section benefits in addi-
- 24 tion to those specified in subsection (c) or reducing the
- 25 premium rates charged to such enrollees pursuant to sub-
- 26 section (g).

1	"(3) The payments to health maintenance organiza-
2	tions under this subsection for each month shall be made from
3	the Federal Hospital Insurance Trust Fund and the Fed-
4	eral Supplementary Medical Insurance Trust Fund, as fol-
5	lows: The amount payable to such an organization for such
6	a month from the Federal Supplementary Medical Insurance
7	Trust Fund shall be equal to 200 percent of the product of
8	(A) the number of individuals enrolled under subsection
9	(e) with such organization for such month, and (B) the
10	monthly premium for supplementary medical insurance ap-
11	plicable for such month under section 1839(b)(2). The re-
12	mainder of such payment for such month to such organiza-
13	tion shall be paid by the Federal Hospital Insurance Trust
14	Fund. For limitation on Federal participation for capital
15	expenditures which are out of conformity with a comprehen-
16	sive plan of a State or areawide planning agency, see sec-
17	tion 1122.
18	"(b) The term 'health maintenance organization' means
19	a public or private organization which—
20	"(1) provides, either directly or through arrange-
21	ments with others, health services to individuals enrolled
22	with such organization under subsection (e) on a per
23	capita prepayment basis;
24	"(2) provides, to the extent applicable in subsection

(c) (through institutions, entities, and persons meeting

1	the applicable requirements of section 1861), all of the
2	services and benefits covered under parts A and B of
3	this title;

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- "(3) provides physicians' services (A) directly through physicians who are either employees or partners of such organization, or (B) under arrangements with one or more groups of physicians (organized on a group practice or individual practice basis) under which each such group is reimbursed for its services primarily on the basis of an aggregate fixed sum or on a per capita basis, regardless of whether the individual physician members of any such group are paid on a fee-for-service or other basis;
- "(4) demonstrates to the satisfaction of the Secretary proof of financial responsibility and proof of capability to provide comprehensive health care services, including institutional services, efficiently, effectively, and economically;
- "(5) except as provided in subsections (h) and (i), has enrolled members at least half of whom are individuals under age 65;
- "(6) has arrangements for assuring that the health services required by its members are received promptly and appropriately and that the services which are received meet standards of quality which it establishes in accordance with regulations;

1	"(7) has an open enrollment period at least
2	every year under which it accepts up to the limits of
3	its capacity and without restrictions, except as may be
4	authorized in regulations, individuals who are eligible to
5	enroll under subsection (d) in the order in which they
6	apply for enrollment (unless to do so would result in
7	failure to meet the requirement of paragraph (5)); and
8	"(8)(A) has an enrollment of not less than 10,000
9	members, or (as determined by the Secretary) is ex-
0.	pected to have such enrollment within 3 years from the
.1	date such determination is made and (B) is expected to
2	maintain such enrollment.
.3	"(c) The benefits provided under this section shall con-
4	sist of—
.5	"(1) in the case of an individual who is entitled
.6	to hospital insurance benefits under part A and enrolled
17	for medical insurance benefits under part B—
8	"(A) entitlement to have payment made on his
9	behalf for all services described in section 1812 and
20	section 1832 which are furnished to him by the
21	health maintenance organization with which he is
22	enrolled pursuant to subsection (e) of this section;
23	and
24	"(B) entitlement to have payment made by such
25	health maintenance organization to him or on his

1	behalf for such emergency services and prescribed
2	maintenance therapy (as defined in regulations) as
3	may be furnished to him by a physician, supplier,
4	or provider of services, other than the health mainte-
5	nance organization with which he is enrolled;
6	"(2) in the case of an individual who is not entitled
7	to hospital insurance benefits under part A but who is
8	enrolled for medical insurance benefits under part B,
9	entitlement to have payment made for services described
10	in paragraph (1), but only to the extent that such serv-
11	ices are also described in section 1832.
12	"(d) Subject to the provisions of subsection (e), every
13	individual described in subsection (c) shall be eligible to
14	enroll with a health maintenance organization (as defined
15	in subsection (b)) which serves the geographic area in which
16	such individual resides.
17	"(e) An individual may enroll with a health mainte-
18	nance organization under this section, and may terminate such
19	enrollment, as may be prescribed by regulations.
20	"(f) Any individual enrolled with a health maintenance
21	organization under this section who is dissatisfied by reason of
22	his failure to receive without additional cost to him any health
23	service to which he believes he is entitled shall, if the amount
24	in controversy is \$100 or more, be entitled to a hearing before
25	the Secretary to the same extent as is provided in section 205
26	(b). In any such hearing the Secretary shall make such

- 1 health maintenance organization a party thereto. If the
- 2 amount in controversy is \$1,000 or more, such individual or
- 3 health maintenance organization shall be entitled to judicial
- 4 review of the Secretary's final decision after such hearing as
- 5 provided in section 205(q).
- 6 "(g)(1) If the health maintenance organization pro-
- 7 vided its enrollees under this section only the services de-
- 8 scribed in subsection (c), its premium rate for such enrollees
- 9 shall not exceed the actuarial value of the deductible and coin-
- 10 surance which would otherwise be applicable to such enrollees
- 11 under part A and part B, if they were not enrolled under this
- 12 section.
- 13 "(2) A health maintenance organization may provide
- 14 additional services for which premium charges may be made,
- 15 but such charges must be reasonable as determined by the
- 16 Secretary in accordance with regulations. If the health main-
- 17 tenance organization provides to its enrollees under this sec-
- 18 tion services in addition to those described in subsection (c), it
- 19 shall furnish such enrollees with information on the portion
- 20 of its premium rate applicable to such additional services and
- 21 the portion applicable to the services described in subsection
- 22 (c). Such portion applicable to the services described in sub-
- 23 section (c) may not exceed the actuarial value of the deduct-
- 24 ible and coinsurance which would otherwise be applicable
- 25 to such enrollees under part A and part B if they were not
- 26 enrolled under this section.

- 1 "(h) The provisions of paragraph (5) of subsection
- 2 (b) shall not apply with respect to any health maintenance
- 3 organization for such period not to exceed five years from the
- 4 date such organization enters into an agreement with the
- 5 Secretary pursuant to subsection (j), as the Secretary may
- 6 permit, but only so long as such organization demonstrates
- 7 to the satisfaction of the Secretary by the submission of its
- 8 plans for each year that it is making continuous efforts and
- 9 progress toward achieving compliance with the provisions of
- 10 such paragraph (5) within such five year period.
- "(i) The Secretary may waive the requirements of para-
- 12 graph (5) of subsection (b) with respect to any health main-
- 13 tenance organization if he finds that such organization has
- 14 made reasonable efforts to achieve compliance with such para-
- 15 graph and, that because of its geographic location or other
- 16 circumstances beyond its control, such organization would be
- 17 unable to achieve compliance with such paragraph except
- 18 through a reduction of enrollment under this section.
- "(j)(1) The Secretary is authorized to enter into a
- 20 contract with any health maintenance organization which
- 21 undertakes to provide, on a per capita prepayment basis, the
- 22 services described in section 1832 (and section 1812, in the
- 23 case of individuals who are entitled to hospital insurance
- 24 benefits under part A) to individuals enrolled with such
- 25 organization pursuant to subsection (e).

"(2) Each contract under this section shall be for a term 1 at least one year, as determined by the Secretary, and may be 2 made automatically renewable from term to term in the absence 3 of notice by either party of intention to terminate at the end of 4 5 the current term; except that the Secretary may terminate any 6 such contract at any time (after such reasonable notice and 7 opportunity for hearing to the health maintenance organiza-8 tion involved as he may provide in regulations) if he finds that the health maintenance organization has failed substan-9 tially to carry out the contract or is carrying out the contract 10 11 in a manner inconsistent with the efficient and effective ad-12 ministration of this section. 13 "(3) The effective date of any contract executed pursu-14 ant to this subsection shall be specified in such contract pursu-15 ant to regulations. 16 "(4) Payment for services provided by any health main-17 tenance organization to eligible enrollees under the contract shall be made pursuant to subsection (a)(2) except that if 18 19 the Secretary determines within a three year period following the termination of any accounting period of any such organi-20 21 zation that the estimates made pursuant to subsection (a)(2) 22 were substantially incorrect, because they were based upon 23 erroneous data or because actuarial assumptions were mate-24 rially different from the actual experience with the result

that such organization received substantially more or less

1	than it should have received pursuant to subsection (a)(2),
2	the Secretary is authorized to make appropriate retroactive
3	adjustments in such payments.
4	"(5) Each contract under this section—
5	"(A) shall provide that the Secretary, or any per-
6	son or organization designated by him—
7	"(i) shall have the right to inspect or otherwise
8	evaluate the quality, appropriateness, and timeliness
9	of services performed under such contract; and
10	"(ii) shall have the right to audit and inspect
11	any books and records of such health maintenance
12	organization which pertain to services performed
13	under such contract; and
14	"(B) shall contain such other terms and conditions
15	not inconsistent with this section as the Secretary may
16	find necessary."
17	(b) Notwithstanding the provisions of section 1814 and
18	section 1833 of the Social Security Act, any health mainte-
19	nance organization which has entered into an agreement with
20	the Secretary pursuant to section 1876 of such Act shall,
21	for the duration of such agreement, be entitled to reimburse-
22	ment only as provided in section 1876 of such Act for in-
23	dividuals who are members of such organization; except that
24	with respect to individuals who were members of such organi-

- 1 zation prior to July 1, 1971, and who, although eligible to
- 2 have payment made pursuant to section 1876 of such Act
- 3 for services rendered to them, chose (in accordance with
- 4 regulations) not to have such payment made pursuant to such
- 5 section, the Secretary shall, for a period not to exceed three
- 6 years commencing on July 1, 1971, pay such organization
- 7 on the basis of prospective per capita rates, determined in
- 8 accordance with the provisions of section 1876(a) of such
- 9 Act, with appropriate actuarial adjustments to reflect the
- 10 difference in utilization of out-of-plan services between such
- 11 individuals and individuals who are enrolled with such
- 12 organization pursuant to section 1876 of such Act.
- (c)(1) Section 1814(a) of such Act, as amended by
- section 226(b) of this Act, is further amended by striking out
- 15 "Except as provided in subsections (d) and (g)," and insert-
- 16 ing in lieu thereof the following: "Except as provided in
- subsections (d) and (g) and in section 1876,".
- (2) Section 1833(a) of such Act is amended by striking
- 19 out "Subject to" and inserting in lieu thereof the following:
- 20 "Except as provided in section 1876 and subject to".
- (d) The amendments made by this section shall be
- 22 effective with respect to services provided on or after July 1,
- <sup>23</sup> 1971.

- 1 (235) UNIFORM HEALTH, SAFETY, ENVIRONMENTAL, AND
- 2 STAFFING STANDARDS FOR EXTENDED CARE FACILI-
- 3 TIES AND SKILLED NURSING HOMES
- 4 SEC. 240. (a) Title XI of the Social Security Act (as
- 5 amended by section 221 of this Act) is further amended by
- 6 adding at the end thereof the following new section:
- 7 "UNIFORM HEALTH, SAFETY, ENVIRONMENTAL, AND STAFF-
- 8 ING STANDARDS FOR EXTENDED CARE FACILITIES AND
- 9 SKILLED NURSING HOMES
- 10 "Sec. 1123. (a) If any State has a State plan approved
- 11 under title XIX which imposes (as a condition for payment of
- 12 skilled nursing services under the plan) on nursing homes in
- 13 such State standards with respect to health, safety, environ-
- 14 mental quality, or staffing which are higher than the standards
- 15 (relating to health, safety, environmental quality, or staffing)
- 16 which are imposed under title XVIII with respect to extended
- 17 care facilities, the Secretary shall impose, on the extended care
- 18 facilities in such State, like standards as a condition of pay-
- 19 ment under title XVIII for extended care services provided
- 20 by such facilities.
- 21 "(b) In addition to the requirements imposed by law
- 22 as a condition of approval of any State plan under title XIX,
- 23 there is hereby imposed the requirement (and the plan shall
- 24 be deemed to require) that, as a condition of payment under
- 25 the plan for skilled nursing home services provided by facili-

1	ties in such State, such facilities must meet the standards (re-
2	lating to health, safety, environmental quality, and staffing)
3	applicable to facilities providing extended care services for
4	which payment may be made under title XVIII, if, and to the
5	extent that, such standards are higher than the standards (re-
6	lating to health, safety, environmental quality, and staffing)
7	which are otherwise imposed under the plan as a condition of
8	payment thereunder for skilled nursing home services."
9	(b) The amendments made by subsection (a) shall be ap-
0	plicable with respect to skilled nursing home services provided
1	after June 30, 1971, under a State plan approved under title
12	XIX of the Social Security and extended care services pro-
13	vided after such date under title XVIII of such Act.
14	(236) SIMPLIFIED REIMBURSEMENT OF EXTENDED CARE
15	FACILITIES
16	SEC. 241. (a) Section 1861(v)(1) of the Social Secu-
17	rity Act is amended by—
18	(a) inserting "(A)" after "(v)(1)";
19	(b) inserting "(B)" immediately before "Such" the
20	first time it appears in the second paragraph thereof; and
21	(c) adding at the end the following new paragraph:
22	"(C) Such regulations may, in the case of ex-
23	tended care facilities in any State, provide for the
24	use of rates, developed by the State in which such
25	facilities are located, for the payment of the cost of

1	skilled nursing home services furnished under the
2	State's plan approved under title XIX (and such
3	rates may be increased by the Secretary on a class
4	or size of institution or on a geographical basis by a
5	percentage factor not in excess of 10 percent to
6	take into account determinable items or services or
7	other requirement under this title not otherwise in-
8	cluded in the computation of such State rates), if the
9	Secretary finds that such rates are reasonably related
10	to (but not necessarily limited to) analyses under-
11	taken by such State of costs of care in comparable
12	facilities in such State; except that the foregoing pro-
13	visions of this subparagraph shall not apply to any
.4	extended care facility in such State if—
.5	"(i) such facility is a distinct part of or
.6	directly operated by a hospital, or
.7	"(ii) such facility operates in a close, for-
.8	mal satellite relationship (as defined in regula-
.9	tions of the Secretary) with a participating hos-
0	pital or hospitals.
1	Notwithstanding the previous provisions of this para-
2	graph, in the case of an extended care facility speci-
3	fied in clause (ii) of this subparagraph, the reason-
4	able cost of any services furnished by such facility

as determined by the Secretary under this subsection

1	shall not exceed 150 percent of the costs determined
2	by the application of this subparagraph (without re-
3	gard to such clause (ii)).".
4	(b) The amendments made by subsection (a) shall be
5	applicable only in the case of accounting periods beginning
6	after June 30, 1971.
7	(237) WAIVER OF REQUIREMENT OF REGISTERED PROFES-
8	SIONAL NURSES IN HOSPITALS IN RURAL AREAS
9	SEC. 242. Section 1861(e)(5) of the Social Security
10	Act is amended by (1) inserting "(i)" after "(5)", (2) in-
11	serting "(ii)" after "and", and (3) adding at the end thereof
12	the following: "except that the Secretary is authorized to waive
13	the requirement of clause (i) of this paragraph for any one-
14	year period (or less) ending no later than December 31, 1975
15	with respect to any institution where immediately preceding
16	such period he finds that—
17	"(A) such institution is located in a rural area and
18	the supply of hospital services in such area is not suf-
19	ficient to meet the needs of individuals residing therein,
20	and
21	"(B) the failure of such institution to qualify as a
22	hospital would seriously reduce the availability of such
23	services to beneficiaries in such area; and
24	"(C) such institution has made and continues to
25	make a good faith effort to comply with this paragraph,

1	but such compliance is impeded by the lack of qualified
2	nursing personnel in such area; and
3	"(D) the requirements of such clause (i) were met
4	for a regular daytime shift."
5	(238)INDEPENDENT PROFESSIONAL REVIEW IN INTER-
6	MEDIATE CARE FACILITIES
7	SEC. 243. Section 1902(a) of the Social Security Act
8	(as amended by sections 234, 238, 251, and 253 of this Act)
9	is further amended (A) by striking out "and" at the end of
10	paragraph (31), (B) by striking out the period at the end of
11	paragraph (33) and inserting in lieu of such period "; and",
12	and (C) by adding after paragraph (32) the following new
13	paragraph:
14	"(33) Effective July 1, 1971, provide (A) for a regu-
15	lar program of independent professional review (including
16	medical evaluation of each patient's need for intermediate
17	care) and a written plan of service prior to admission or
18	authorization of benefits in an intermediate care facility;
19	(B) for periodic inspections to be made in all intermediate
20	care facilities (if the State plan includes care in such institu-
21	tions) within the State by one or more independent profes-
22	sional review teams (composed of physicians or registered
23	nurses and other appropriate health and social service per-
24	sonnel) of (i) the care being provided in such intermediate
25	care facilities to persons receiving assistance under the State

- 1 plan, (ii) with respect to each of the patients receiving such
- 2 care, the adequacy of the services available in particular in-
- 3 termediate care facilities to meet the current health needs and
- 4 promote the maximum physical well-being of patients re-
- 5 ceiving care in such facilities, (iii) the necessity and desira-
- 6 bility of the continued placement of such patients in such
- 7 facilities, and (iv) the feasibility of meeting their health care
- 8 needs through alternative institutional or noninstitutional
- 9 services; and (C) for the making by such team or teams of
- 10 full and complete reports of the findings resulting from such
- 11 inspections, together with any recommendations to the State
- 12 agency administering or supervising the administration of
- 13 the State plan."
- 14 (239) DIRECT LABORATORY BILLING OF PATIENTS
- 15 Sec. 244. (a) Section 1833(a)(1) of the Social Secu-
- 16 rity Act is amended by—
- 17 (1) striking out "and" before "(B)";
- 18 (2) inserting before the semicolon at the end thereof
- 19 the following: ", and (C) with respect to diagnostic tests
- 20 performed in a laboratory for which payment is made
- 21 under this part to the laboratory, the amounts paid shall
- be equal to 100 percent of the negotiated rate for such
- 23 tests (as determined pursuant to subsection (g) of this
- 24 section)".

1	(b) Section 1833 of such Act is further amended by
2	adding at the end thereof the following subsection:
3	"(g) With respect to diagnostic tests performed in a
4	laboratory for which payment is made under this part to the
5	laboratory, the Secretary is authorized to establish a pay-
6	ment rate which is acceptable to the laboratory and which
7	would be considered the full charge for such tests. Such nego-
8	tiated rate shall be limited to an amount not in excess of the
9	total payment that would have been made for the services in
10	the absence of such a rate."
11	(240) professional standards review
12	SEC. 245. (a) The heading to title XI of the Social
13	Security Act is amended by striking out
14	"TITLE XI—GENERAL PROVISIONS"
15	and inserting in lieu thereof
16	"TITLE XI—GENERAL PROVISIONS AND
17	FROFESSIONAL STANDARDS REVIEW
18	"PART A—GENERAL PROVISIONS".
19	(b) Title XI of such Act is further amended by adding
20	after section 1123 thereof (as added by section 240(a) of
21	this Act) the following:
22	"Part B—Professional Standards Review
23	"DECLARATION OF PURPOSE
24	"Sec. 1151. In order to promote the effective, efficient,
25	and economical delivery of health care services for which

1	payment may be made (in whole or in part) under title
2	XVIII, or under State plans approved under title XIX, and
3	in recognition of the interests of patients and the public in
4	improved health care services, it is the purpose of this part
5	to assure, through the application of suitable procedures of
6	professional standards review, that the services for which
7	payment may be made under the Social Security Act will
8	conform to appropriate professional standards for the pro-
9	vision of health care and that payment for such services will
10	be made—
11	"(1) only when, and to the extent, medically nec-
12	essary, as determined in the exercise of reasonable limits
13	of professional discretion; and
14	"(2) in the case of services provided by a hospital
15	or other health care facility on an inpatient basis, only
16	when and for such period as such services cannot, con-
17	sistent with professionally recognized health care stand-
18	ards, effectively be provided on an outpatient basis or
19	more economically in an inpatient health care facility
20	of a different type, as determined in the exercise of
21	reasonable limits of professional discretion.
22	"DESIGNATION OF PROFESSIONAL STANDARDS REVIEW
23	ORGANIZATIONS
24	"Sec. 1152. (a) The Secretary shall (1) not later than

January 1, 1972, establish throughout the United States

H.R. 17550——16

1	appropriate areas with respect to which Professional Stand-
2	ards Review Organizations may be designated, and (2) at
3	the earliest practicable date thereafter enter into an agree-
4	ment with a qualified organization whereby such an orga-
5	nization shall be designated as the Professional Standards
6	Review Organization for such area.
7	"(b) For purposes of subsection (a), the term 'qualified
8	organization' means—
9	"(1) when used in connection with any area—
10	"(A) a nonprofit professional association (i)
11	(or a component organization thereof) which is com-
12	posed of physicians engaged in the practice of medi-
13	cine or surgery in such area, (ii) the membership
14	of which includes a substantial proportion of all
15	such physicians in such area, and (iii) which has
16	available professional competence to review health
17	care services of the types and kinds with respect to
18	which Professional Standards Review Organizations
19	have review responsibilities under this part, or
20	"(B) such other public, nonprofit private, or
21	other agency or organization, which the Secretary
22	determines, in accordance with criteria prescribed by
23	him in regulations, to be of professional competence
24	and otherwise suitable; and

"(2) which the Secretary, on the basis of his exam-

1	ination and evaluation of a formal plan submitted to him
2	by the association, agency, or organization (as well as
3	on the basis of other relevant data and information),
4	finds to be willing to perform and capable of performing,
5	in an effective and timely manner and at reasonable cost,
6.	the duties, functions, and activities of a Professional
7	Standards Review Organization required by or pur-
8	suant to this part.
9	"(c)(1) The Secretary shall not enter into any agree-
0	ment under this part under which there is designated as the
1	Professional Standards Review Organization for any area
2	any organization other than an organization referred to in
3	subsection (b)(1)(A) unless, in such area, there is no
.4	organization referred to in subsection (b)(1)(A) which
5	meets the conditions specified in subsection (b)(2).
6	"(2) Whenever the Secretary shall have entered into
7	an agreement under this part under which there is designated
18	as the Professional Standards Review Organization for any
9	area any organization other than an organization referred to
20	in subsection (b)(1)(A), he shall not renew such agree-
21	ment with such organization if he determines that—
22	"(A) there is in such area an organization re-
23	ferred to in subsection (b)(1)(A) which (i) has not
24	been (nor has its predecessor been) previously desig-

nated as a Professional Standards Review Organization,

1	and (ii) is willing to enter into an agreement under
2	this part under which such organization would be desig-
3	$nated\ as\ the\ Professional\ Standards\ Review\ Organization$
4	for such area;
5	"(B) such organization meets the conditions specified
6	in subsection (b)(2); and
7	"(C) the designation of such organization as the
8	Professional Standards Review Organization for such
9	area will result in an improvement in the performance
10	in such area of the duties and functions required of such
11	Organizations under this part.
12	"(d)(1) An agreement entered into under this part
13	between the Secretary and any organization under which
14	such organization is designated as the Professional Standards
15	Review Organization for any area shall provide that such
16	organization will—
17	"(A) perform such duties and functions and assume
1.8	such responsibilities and comply with such other require-
19	ments as may be required by this part or under regu-
20	lations of the Secretary promulgated to carry out the
21	provisions of this part; and
22	"(B) collect such data relevant to its function and
23	such information and keep and maintain such records as
24	the Secretary may require to carry out the purposes of

1	this	part	and	to	permit	access	to	and	use	of	any	such

2 records as the Secretary may require for such purposes.

- 3 "(2) Any such agreement with an organization under
- 4 this part shall provide that the Secretary make payments
- 5 to such organization equal to the amount of expenses reason-
- 6 ably and necessarily incurred, as determined by the Secre-
- 7 tary, by such organization in carrying out or preparing to
- 8 carry out the duties and functions required by such
- 9 agreement.
- 10 "(3) Any such agreement under this part with an or-
- 11 ganization shall be for a term of twelve months; except
- 12 that, prior to the expiration of such term, such agreement
- 13 may be terminated—
- 14 "(A) by the organization at such time and upon
- such notice to the Secretary as may be prescribed in
- 16 regulations (except that notice of more than three months
- may not be required); or
- "(B) by the Secretary at such time and upon such
- 19 reasonable notice to the organization as may be pre-
- 20 scribed in regulations, but only after the Secretary has
- 21 determined (after providing such organization with an
- 22 opportunity for a formal hearing on the matter) that
- 23 such organization is not substantially complying with or
- 24 effectively carrying out the provisions of such agreement.
- 25 "(e) No Professional Standards Review Organization

1	shall utilize the services of any inaiviaual who is not a physi-
2	cian to make final determinations with respect to the profes-
3	sional conduct of any physician, or any act performed by any
4	physician in the exercise of his profession.
5	"REVIEW PENDING DESIGNATION OF PROFESSIONAL
6	STANDARDS REVIEW ORGANIZATION
7	"Sec. 1153. Pending the assumption by a Professional
8	Standards Review Organization for any area, of full review
9	responsibility, and pending a demonstration of capacity for
10	improved review effort with respect to matters involving
11	the provision of health care services in such area for which
12	payment (in whole or in part) may be made, under title
13	XVIII, or under State plans approved under title XIX,
14	any review with respect to such services which has not
15	been designated by the Secretary as the responsibility of such
16	organization, shall be reviewed in the manner otherwise pro-
17	vided for under law.
18	"TRIAL PERIOD FOR PROFESSIONAL STANDARDS
19	REVIEW ORGANIZATION
20	"Sec. 1154. (a) The Secretary shall initially designate
21	an organization as a Professional Standards Review Orga-
22	nization for any area on a conditional basis with a view to
23	determining the capacity of such organization to perform the
24	duties and functions imposed under this part on Professional
25	Standards Review Organizations. Such designation may not

- 1 be made prior to receipt from such organization and ap-
- 2 proval by the Secretary of a formal plan for the orderly
- 3 assumption and implementation of the responsibilities of the
- 4 Professional Standards Review Organization under this
- 5 part.
- 6 "(b) During any such trial period (which may not
- 7 exceed twenty-four months), the Secretary may require a
- 8 Professional Standards Review Organization to perform
- 9 only such of the duties and functions required under this
- 10 part of Professional Standards Review Organizations as
- 11 he determines such organization to be capable of performing.
- 12 The number and type of such duties shall, during the trial
- 13 period, be progressively increased as the organization be-
- 14 comes capable of added responsibility so that, by the end of
- 15 such period, such organization shall be considered a qualified
- 16 organization only if the Secretary finds that it is substantially
- 17 carrying out the activities and functions required of Profes-
- 18 sional Standards Review Organizations under this part with
- 19 respect to the review of health care services provided by physi-
- 20 cians and other practitioners and institutional health care
- 21 facilities. Any of such duties and functions not performed by
- 22 such organization during such period shall be performed in
- 23 the manner and to the extent otherwise provided for under
- 24 law.

1	"(c) Any agreement under which any organization is
2	conditionally designated as the Professional Standards Review
3	Organization for any area may be terminated by such organi-
4	zation upon ninety days notice to the Secretary or by the Sec-
5	retary upon ninety days notice to such organization.
6	"(d) In order to avoid duplication of functions and un-
7	necessary review and control activities, the Secretary is au-
8	thorized to waive any or all of the review or similar activities
9	otherwise required under or pursuant to any provision of this
10	Act (other than this part) where he finds, on the basis of
11	substantial evidence of the effective performance of review
12	and control activities by Professional Standards Review Orga-
13	nizations, that the review and similar activities otherwise so
14	required, are not needed for the provision of adequate review
15	and control.
16	"DUTIES AND FUNCTIONS OF PROFESSIONAL STANDARDS
17	REVIEW ORGANIZATIONS
18	"Sec. 1155. (a)(1) It shall be the duty and function
19	of each Professional Standards Review Organization for any
20	area to assume, at the earliest date practicable, responsibility
21	for the review of the professional activities in such area of
22	physicians and other health care practitioners and institu-
23	tional providers of health care services in the provision of
24	health care services for which payment may be made (in
25	whole or in part) under title XVIII, or under State plans

1	approved under title XIX, for the purpose of determining
2	whether—
3	"(A) such services are or were medically necessary;
4	"(B) the quality of such services meets profession-
5	ally recognized standards of health care; and
6	"(C) in case such services are proposed to be pro-
7	vided in a hospital or other health care facility on an in-
8	patient basis, such services could, consistent with the
9	provision of appropriate medical care, be effectively pro-
10	vided on an out-patient basis or more economically in an
1	in-patient health care facility of a different type.
12	"(2) Each Professional Standards Review Organiza-
13	tion shall have the authority to determine, in advance, in the
4	case of—
.5	"(A) any elective admission to a hospital, or other
.6	health care facility, or
.7	"(B) any other health care service which will con-
.8	sist of extended or costly courses of treatment,
9_	whether such service, if provided, or if provided by a partic-
20	ular health care practitioner or by a particular hospital or
21	other health care facility, would meet the criteria specified in
22	clauses (A) and (C) of paragraph (1).
23	"(3) Each Professional Standards Review Organization
24	shall, in accordance with regulations of the Secretary, deter-

mine and publish, from time to time, the types and kinds of

- 1 cases (whether by type of health care or diagnosis involved, or
- 2 whether in terms of other relevant criteria relating to the pro-
- 3 vision of health care services) with respect to which such
- 4 Organization will, in order most effectively to carry out the
- 5 purposes of this part, exercise the authority conferred upon it
- 6 under paragraph (2).
- 7 "(4) Each Professional Standards Review Organiza-
- 8 tion shall be responsible for the regular review of profiles of
- 9 care and services received and provided with respect to
- 10 patients, utilizing to the greatest extent practicable in such
- 11 patient profiles, methods of coding which will provide maxi-
- 12 mum confidentiality as to patient identity and assure objective
- 13 evaluation consistent with the purposes of this part. Profiles
- 14 shall also be regularly reviewed on an ongoing basis with
- 15 respect to each health care practitioner and provider to
- 16 determine whether the care and services ordered or rendered
- 17 are consistent with the criteria specified in clauses (A), (B),
- 18 and (C) of paragraph (1).
- 19 "(5) Physicians assigned responsibility for the review
- 20 of hospital care may be only those having active hospital
- 21 staff privileges in at least one of the participating hospitals in
- 22 the area served by the Professional Standards Review Orga-
- 23 nization.
- 24 "(6) No physician shall be permitted to review—
- 25 "(A) health care services provided to a patient if

	<b>2</b> 0 <b>1</b>
1	he was directly or indirectly involved in providing such
2	services, or
3	"(B) health care services provided in or by an in-
4	stitution, if he or any member of his family has, directly
5	or indirectly, any financial interest in such institution.
6	For purposes of this paragraph, a physician's family includes
7	only his spouse (other than a spouse who is legally separated
8	from him under a decree of divorce or separate maintenance),
9	children (including legally adopted children), grandchildren,
10	parents, and grandparents.
11	"(b) To the extent necessary or appropriate for the
12	proper performance of its duties and functions, the Profes-
13	sional Standards Review Organization serving any area is
14	authorized in accordance with regulations prescribed by the
15	Secretary to—
16	"(1) make arrangements to utilize the services of
17	persons who are practitioners of or specialists in the vari-
18	ous areas of medicine (including dentistry), or other
19	types of health care, which persons shall, to the maximum
20	extent practicable, be individuals engaged in the practice
21	of their profession within the area served by such orga-
22	nization;
23	"(2) undertake such professional inquiry either be-

fore or after, or both before and after, the provision of

1	services with respect to which such organization has a
2	responsibility for review under subsection (a)(1);
3	"(3) examine the pertinent records of any practi-
4	tioner or provider of health care services providing serv-
5	ices with respect to which such organization has a re-
6	sponsibility for review under subsection (a)(1); and
7	"(4) inspect the physical facilities in which care
8	is rendered or services provided (which are located in
9	such area) of any practitioner or provider.
10	"(c) In order to familiarize physicians with the review
1	functions and activities of Professional Standards Review
12	Organizations and to promote acceptance of such functions
13	and activities by physicians, patients, and other persons,
L <b>4</b>	each Professional Standards Review Organization, in carry-
15	ing out its review responsibilities, shall (to the maximum
16	extent consistent with the effective and timely performance of
17	its duties and functions)—
18	"(1) encourage all physicians practicing their pro-
19	fession in the area served by such Organization to par-
20	ticipate in the review activities of such Organization;
21	"(2) provide rotating physician membership of re-
22	view committees on an extensive and continuing basis;
23	"(3) assure that membership on review committees
24	have the broadest representation feasible in terms of
25	the various types of practice in which physicians en-
26	agge in the great served by such Organization; and

"(4) utilize, whenever feasible, medical periodicals and similar publications to publicize the functions and activities of Professional Standards Review Organizations.

"(d) (1) Each Professional Standards Review Organi-5 6 zation is authorized to utilize the services of, and accept the 7 findings of, the review committees of hospitals located in the 8 area served by such Organization, but only when and only to the extent that such committees have demonstrated to the 9 satisfaction of such Organization their capacity effectively 10 and in timely fashion to review activities in such hospitals (in-11 12 cluding the medical necessity of admissions, services ordered, and lengths of stay) so as to aid in accomplishing the pur-13 poses and responsibilities described in subsection (a)(1). 14

"(2) Each Professional Standards Review Organization 15 16 is authorized to utilize the services of medical societies and similar organizations to assist such Organization in perform-17 ing one or more of its professional review activities, but only 18 when and only to the extent that such societies or other or-19 ganizations have demonstrated to the satisfaction of such 20 Organization their capacity effectively and in timely fashion 21 to perform such activities so as to aid in accomplishing the 22 purposes described in subsection (a)(1). 23

24 "(3) The Secretary may prescribe regulations to carry 25 out the provisions of this subsection.

1	"NORMS OF HEALTH CARE SERVICES FOR VARIOUS
2	ILLNESSES OR HEALTH CONDITIONS
3	"Sec. 1156. (a) Each Professional Standards Review
4	Organization shall apply professionally developed norms of
5	care and treatment based upon typical patterns of practice in
6	their region (including typical lengths-of-stay for institu-
7	tional care by age and diagnosis) as principal points of
8	evaluation and review. The National Professional Standards
9	Review Council and the Secretary shall provide such tech
10	nical assistance to the organization as will be helpful in utiliz-
11	ing and applying such norms of care and treatment. Where
12	the actual norms of care and treatment in a Professiona
13	Standards Review Organization area are significantly differ
14	ent from professionally developed regional norms of care and
15	treatment approved for comparable conditions, the Profes
16	sional Standards Review Organization concerned shall be so
17	informed, and in the event that appropriate consultation and
18	discussion indicate reasonable basis for usage of such unusua
19	norms in the area concerned, the Professional Standards Re-
20	view Organization may apply such actual norms in such
21	area as are approved by the National Professional Stand-
22	ards Review Council.
23	"(b) Any such norm with respect to treatment for any
24	particular illness or health condition shall include (in accord-
25	ance with regulations of the Secretary)—

"(1) the types and extent of the health care services
which, taking into account differing, but acceptable,
modes of treatment, are considered within the range of
appropriate treatment of such illness or health condition,
consistent with professionally recognized and accepted
patterns of care;

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"(2) the type of health care facility which is considered, consistent with such standards, to be the type in which health care services which are medically appropriate for such illness or condition can most economically be provided.

12 "(c)(1) The National Professional Standards Review 13 Council shall provide for the preparation and distribution, to each Professional Standards Review Organization and to 14 each other agency or person performing review functions 15 with respect to the provision of health care services under 16 title XVIII, or under State plans approved under title XIX, 17 of appropriate materials indicating the regional norms to be 18 utilized pursuant to this part. Such data concerning norms 19 shall be reviewed and revised from time to time. The ap-20 proval of the National Professional Standards Review Coun-21 cil of norms of care and treatment shall be based on its 22 analysis of appropriate and adequate data. 23

24 "(2) Each review organization, agency, or person re-25 ferred to in paragraph (1) shall utilize the norms developed

- 1 under this section as a principal point of evaluation and re-
- 2 view for determining, with respect to any health care services
- 3 which have been or are proposed to be provided, whether such
- 4 care and services are consistent with the criterion specified in
- 5 section 1155(a)(1).
- 6 "(d)(1) Each Professional Standards Review Organi-
- 7 zation shall—
- "(A) in accordance with regulations of the Secretary, specify the appropriate points in time, after the admission of a patient for in-patient care in a health care institution, at which the physician attending such patient shall execute a certification stating that further
- in-patient care in such institution will be medically necessary effectively to meet the health care needs of such
- patient; and
- 16 "(B) require that there be included in any such
- certification with respect to any patient such information
- as may be necessary to enable such Organization prop-
- erly to evaluate the medical necessity of the further
- institutional health care recommended by the physician
- 21 executing such certification.
- 22 "(2) The points in time at which any such certification
- 23 will be required shall be consistent with and based on profes-
- 24 sionally developed norms of care and treatment and data
- 25 developed with respect to length of stay in health care institu-

- 1 tions of patients having various illnesses, injuries, or health
- 2 conditions, and requiring various types of health care services
- 3 or procedures.
- 4 "SUBMISSION OF REPORTS BY PROFESSIONAL STANDARDS
- 5 REVIEW ORGANIZATIONS
- 6 "Sec. 1157. If, in discharging its duties and functions
- 7 under this part, any Professional Standards Review Orga-
- 8 nization determines that any health care practitioner or any
- 9 hospital, or other health care facility has violated any of
- 10 the obligations imposed by section 1160, such organization
- 11 shall report the matter to the Statewide Professional Stand-
- 12 ards Review Council for the State in which such orga-
- 13 nization is located together with the recommendations of
- 14 such Organization as to the action which should be taken
- 15 with respect to the matter. Any Statewide Professional
- 16 Standards Review Council receiving any such report and
- 17 recommendation shall review the same and promptly transmit
- 18 such report and recommendation to the Secretary together
- 19 with any additional comments or recommendations thereon as
- -20 it deems appropriate.
- 21 "REQUIREMENT OF REVIEW APPROVAL AS CONDITION
- 22 OF PAYMENT OF CLAIMS
- 23 "Sec. 1158. Notwithstanding any other provision of
- 24 law, no Federal funds appropriated under any title of this

1	Act	for	the	provision	01	health	care	services	shall	be	used
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- 2 (directly or indirectly) for the payment, under any such
- 3 title or any program established pursuant thereto, of any
- 4 claim for the provision of such services if—
- 5 "(1) the provision of such services is subject to re-6 view by any Professional Standards Review Organiza-
- 7 tion, or other agency; and
- 8 "(2) such organization or other agency has, in the 9 proper exercise of its duties and functions under or con-10 sistent with the purposes of this part, disapproved of the 11 services giving rise to such claim, and has, prior to the 12 provision of such services, notified the practitioner or 13 provider providing such services and the individual to 14 receive such services of its disapproval of the provision 15 of such services to such individual.
- 16 "NOTICE TO CLAIMS PAYMENT AGENCY OF DISAPPROVAL

17 OF SERVICES

"SEC. 1159. Whenever any Professional Standards Review Organization, in the discharge of its duties and functions as specified by or pursuant to this part, disapproves of any health care services furnished by any practitioner or provider, such organization shall promptly notify the agency or

23 organization having responsibility for acting upon claims

<sup>24</sup> for payment for or on account of such services.

1	"OBLIGATIONS OF HEALTH CARE PRACTITIONERS AND PRO-
2	VIDERS OF HEALTH CARE SERVICES; SANCTIONS AND
3	PENALTIES; HEARINGS AND REVIEW
4	"Sec. 1160 (a) (1) It shall be the obligation of any
5	health care practitioner and any other person (including a
6	hospital or other health care facility) who provides health
7	care services for which payment may be made (in whole or
8	in part) under title XVIII, or under any State plan
9	approved under title XIX, to assure that services ordered or
10	provided by such practitioner or person—
11	"(A) will be provided only when, and to the ex-
12	tent, medically necessary; and
13	"(B) will be of a quality which meets profession-
14	ally recognized standards of health care;
15	and it shall be the obligation of any health care practitioner,
16	in ordering, authorizing, directing, or arranging for the pro-
17	vision by any other person (including a hospital or other
18	health care facility) of health care services for any patient of
19	such practitioner, to exercise his professional responsibility
20	with a view to assuring (to the extent of his influence or
21	control over such patient, such person, or the provision of such
22	services) that such services will be provided—
23	"(C) only when, and to the extent, medically neces-
24	saru · and

1	"(D) will be of a quality which meets professionally
2	recognized standards of health care.
3	"(2) Each health care practitioner, and each hospital or
4	other provider of health care services, shall have an obliga-
5	tion, within reasonable limits of professional discretion, not
6	to take any action, in the exercise of his profession (in the
7	case of any health care practitioner), or in the conduct of
8	its business (in the case of any hospital or other such pro-
9	vider), which would authorize any individual to be admitted
10	as an in-patient in or to continue as an in-patient in any
11	hospital or other health care facility unless—
12	"(A) in-patient care is determined by such prac-
13	titioner and by such hospital or other provider, con-
14	sistent with professionally recognized health care stand-
15	ards, to be medically necessary for the proper care of
16	such individual; and
17	"(B)(i) the in-patient care required by such indi-
18	vidual cannot, consistent with such standards, be pro-
19	vided more economically in a health care facility of a
20	different type; or
21	"(ii) (in the case of a patient who requires care
22	which can, consistent with such standards, be provided
23	more economically in a health care facility of a different
24	type) there is, in the area in which such individual is
25	located, no such facility or no such facility which is avail-

1	able to provide care to such individual at the time when
2	care is needed by him.
3	"(b)(1) If after reasonable notice and opportunity for
4	discussion with the practitioner or provider concerned, any
5	Professional Standards Review Organization submits a re-
6	port and recommendation to the Secretary pursuant to section
7	1157 (which report and recommendation shall be submitted
8	through the Statewide Professional Standards Review Coun-
9	cil which shall promptly transmit such report and recommen-
10	dations together with any additional comments and recom-
11	mendations thereon as it deems appropriate) and if the
12	Secretary determines that such practitioner or provider, in
13	providing health care services over which such organization
14	has review responsibility and for which payment (in whole
15	or in part) may be made under title XVIII, or under any
16	State plan approved under title XIX, has—
17	"(A) by failing, in a substantial number of cases,
18	substantially to comply with any obligation imposed on
19	him under subsection (a), or
20	"(B) by grossly and flagrantly violating any such
21	obligation in one or more instances,
22	demonstrated an unwillingness or a lack of ability substan-
23	tially to comply with such obligations, he (in addition to any
24	other sanction provided under law) may exclude (per-
25	manently or for such period as the Secretary may prescribe)

- 1 such practitioner or provider from eligibility to provide such
- 2 services on a reimbursable basis.
- 3 "(2) A determination made by the Secretary under
- 4 this subsection shall be effective at such time and upon such
- 5 reasonable notice to the public and to the person furnishing
- 6 the services involved as may be specified in regulations. Such
- 7 determination shall be effective with respect to services fur-
- 8 nished to an individual on or after the effective date of such
- 9 determination (except that in the case of institutional health
- 10 care services such determination shall be effective in the
- 11 manner provided in title XVIII with respect to terminations
- 12 of provider agreements), and shall remain in effect until the
- 13 Secretary finds and gives reasonable notice to the public that
- 14 the basis for such determination has been removed and that
- 15 there is reasonable assurance that it will not recur.
- 16 "(3) In lieu of the sanction authorized by paragraph
- 17 (1), the Secretary may require that (as a condition to the
- 18 continued eligibility of such practitioner or provider to pro-
- 19 vide such health care services on a reimbursable basis) such
- 20 practitioner or provider pay to the United States, in case
- 21 such acts or conduct involved the provision by such prac-
- 22 titioner or provider of health care services which were
- 23 medically improper or unnecessary, an amount not in ex-
- 24 cess of the actual or estimated cost of the medically improper
- 25 or unnecessary services so provided, or (if less) \$5,000.
- 26 Such amount may be deducted from any sums owing by

- 1 the United States (or any instrumentality thereof) to the
- 2 person from whom such amount is claimed.
- 3 "(4) Any person furnishing services described in para-
- 4 graph (1) who is dissatisfied with a determination made by
- 5 the Secretary under this subsection shall be entitled to rea-
- 6 sonable notice and opportunity for a hearing thereon by
- 7 the Secretary to the same extent as is provided in section
- 8 205(b), and to judicial review of the Secretary's final deci-
- 9 sion after such hearing as is provided in section 205(g).
- "(c) It shall be the duty of each Professional Standards
- 11 Review Organization and each Statewide Professional Stand-
- 12 ards Review Council to use such authority or influence it
- 13 may possess as a professional organization, and to enlist the
- 14 support of any other professional or governmental organi-
- 15 zation having influence or authority over health care prac-
- 16 titioners and any other person (including a hospital or other
- 17 health care facility) providing health care services in the
- 18 area served by such review organization, in assuring that
- 19 each practitioner or provider (referred to in subsection (a))
- 20 providing health care services in such area shall comply
- 21 with all obligations imposed on him under subsection (a).
- 22 "NOTICE TO PRACTITIONER OR PROVIDER
- 23 "Sec. 1161. (a) Whenever any Professional Standards
- 24 Review Organization takes any action or makes any deter-
- 25 mination—

1	"(1) which denies any request, by a health care
2	practitioner or other provider of health care services,
3	for approval of a health care service proposed to be
4	ordered or provided by such practitioner or provider; or
5	"(2) that any such practitioner or provider has
6	violated any obligation imposed on such practitioner
7	or provider under section 1160;
8	such organization shall, immediately after taking such ac-
9	tion or making such determination, give notice to such prac-
10	titioner or provider of such determination and the basis
11	therefor, and shall provide him with appropriate opportunity
12	for discussion and review of the matter.
13	"STATEWIDE PROFESSIONAL STANDARDS REVIEW COUN-
14	CILS; ADVISORY GROUPS TO SUCH COUNCILS
15	"Sec. 1162. (a) In any State in which there are lo-
16	cated three or more Professional Standards Review Orga-
17	nizations, the Secretary shall establish a Statewide Profes-
18	sional Standards Review Council.
19	"(b) The membership of any such Council for any State
20	shall be appointed by the Secretary and shall consist of—
21	"(A) one representative from and designated by
22	each Professional Standards Review Organization in the
23	State;
24	"(B) four physicians, two of whom may be desig-
25	nated by the State medical society and two of whom may

- be designated by the State hospital association of such
   State to serve as members on such Council; and
- "(C) four persons knowledgeable in health care from such State whom the Secretary shall have selected as representatives of the public in such State (at least two of whom shall have been recommended for membership on the Council by the Governor of such State).
- "(c) It shall be the duty and function of the Statewide Professional Standards Review Council for any State,
  in accordance with regulations of the Secretary, to coordinate the activities of, and disseminate information and data
  among, the various Professional Standards Review Organizations within such State.
- "(d) The Secretary is authorized to enter into an agreement with any such Council under which the Secretary shall make payments to such Council equal to the amount of expenses reasonably and necessarily incurred, as determined by the Secretary, by such Council in carrying out the duties and functions provided in this section.
- "(e)(1) The Statewide Professional Standards Review
  Council for any State shall be advised and assisted in carrying
  out its functions by an advisory group (of not less than seven
  nor more than eleven members) which shall be made up of
  representatives of health care practitioners (other than physicians) and hospitals and other health care facilities which

- 1 provide within the State health care services for which pay-
- 2 ment (in whole or in part) may be made under any program
- 3 established by or pursuant to this Act.
- 4 "(2) The Secretary shall by regulations provide the
- 5 manner in which members of such advisory group shall be
- 6 selected by the Statewide Professional Standards Review
- 7 Council.
- 8 "(3) The expenses reasonably and necessarily incurred,
- 9 as determined by the Secretary, by such group in carrying
- 10 out its duties and functions under this subsection shall be con-
- 11 sidered to be expenses necessarily incurred by the Statewide
- 12 Professional Standards Review Council served by such group.
- 13 "NATIONAL PROFESSIONAL STANDARDS REVIEW COUNCIL
- 14 "Sec. 1163. (a)(1) There shall be established a Na-
- 15 tional Professional Standards Review Council (hereinafter in
- 16 this section referred to as the 'Council') which shall consist
- 17 of eleven physicians, not otherwise in the employ of the
- 18 United States, appointed by the Secretary without regard to
- 19 the provisions of title 5, United States Code, governing ap-
- 20 pointments in the competitive service.
- 21 "(2) Members of the Council shall be appointed for a
- 22 term of three years and shall be eligible for reappointment.
- 23 "(3) The Secretary shall from time to time designate
- 24 one of the members of the Council to serve as Chairman
- 25 thereof.

- 1 "(b) Members of the Council shall consist of physicians
- 2 of recognized standing and distinction in the appraisal of
- 3 medical practice. A majority of such members shall be phy-
- 4 sicians who have been recommended to the Secretary to serve
- 5 on the Council by national organizations recognized by the
- 6 Secretary as representing practicing physicians. The member-
- 7 ship of the Council shall include physicians who have been
- 8 recommended for membership on the Council by consumer
- 9 groups and other health care interests.
- 10 "(c) The Council is authorized to utilize, and the Sec-
- 11 retary shall make available, such technical assistance as may
- 12 be required to carry out its functions, and the Secretary
- 13 shall, in addition, make available to the Council such secre-
- 14 tarial, clerical, and other assistance and such pertinent data
- 15 prepared by, for, or otherwise available to, the Department
- 16 of Health, Education, and Welfare as the Council may
- 17 require to carry out its functions.
- 18 "(d) Members of the Council, while serving on business
- 19 of the Council, shall be entitled to receive compensation at
- 20 a rate fixed by the Secretary (but not in excess of the daily
- 21 rate paid under GS-18 of the General Schedule under section
- 22 5332 of title 5, United States Code), including traveltime;
- 23 and while so serving away from their homes or regular places
- 24 of business, they may be allowed travel expenses, including
- 25 per diem in lieu of subsistence, as authorized by section 5703

1	of title 5, United States Code, for persons in Government
2	service employed intermittently.
3	"(e) It shall be the duty of the Council to—
4	"(1) advise and assist the Secretary in the ad-
5	ministration of this part;
6	"(2) provide for the development and distribution,
7	among Statewide Professional Standards Review Coun-
8	cils and Professional Standards Review Organizations,
9	of information and data which will assist such review
10	councils and organizations in carrying out their duties
11	and functions;
12	"(3) review the operations of Statewide Profes-
13	sional Standards Review Councils and Professional
14	Standards Review Organizations with a view to de-
15	termining the effectiveness and comparative performance
16	of such review councils and organizations in carrying
17	out the purposes of this part; and
18	"(4) make or arrange for the making of studies and
19	investigations with a view to developing and recom-
20	mending to the Secretary and to the Congress measures
21	designed more effectively to accomplish the purposes
22	and objectives of this part.
23	"(f) The National Professional Standards Review
24	Council shall from time to time, but not less often than an-
25	nually, submit to the Secretary and to the Congress a report

1	on its activities and shall include in such report the findings
2	of its studies and investigations together with any recom-
3	mendations it may have with respect to the more effective
4	accomplishment of the purposes and objectives of this part.
5	Such report shall also contain comparative data indicating
6	the results of review activities, conducted pursuant to this
7	part, in each State and in each of the various areas thereof.
8	"APPLICATION OF THIS PART TO CERTAIN STATE PRO-
9	GRAMS RECEIVING FEDERAL FINANCIAL ASSISTANCE
0	"Sec. 1164. (a) In addition to the requirements im-
1	posed by law as a condition of approval of a State plan ap-
12	proved under title XIX, there is hereby imposed the require-
13	ment that provisions of this part shall apply to the operation
4	of such plan or program.
.5	"(b) The requirement imposed by subsection (a) with
6	respect to State plans approved under title XIX shall apply—
17	"(1) in the case of any such plan where legislative
18	action by the State legislature is not necessary to meet
19	such requirement, on and after January 1, 1972; and
20	"(2) in the case of any such plan where legislative
21	action by the State legislature is necessary to meet such
22	requirement, whichever of the following is earlier—
23	"(A) on and after July 1, 1972, or
24	"(B) on and after the first day of the calendar

1	month which first commences more than ninety days
2	after the close of the first regular session of the
3	legislature of such State which begins after Decem
4	ber 31, 1971.
5	"CORRELATION OF FUNCTIONS BETWEEN PROFESSIONAL
6	STANDARDS REVIEW ORGANIZATIONS AND ADMINIS
7	TRATIVE INSTRUMENTALITIES
8	"Sec. 1165. The Sccretary shall by regulations provide
9	for such correlation of activities, such interchange of date
10	and information, and such other cooperation consistent with
11	economical, efficient, coordinated and comprehensive imple
12	mentation of this part (including usage of existing mechani
13	cal and other data-gathering capacity), between-
<b>L4</b>	"(A)(i) agencies and organizations which are
15	parties to agreements entered into pursuant to section
16	1816, (ii) carriers which are parties to contracts en
L7	tered into pursuant to section 1842, and (iii) any other
18	public or private agency (other than a Professiona
19	Standards Review Organization) having review or con
20	trol functions, or proved relevant data-gathering pro-
21	cedures and experience, and
22	"(B) Professional Standards Review Organiza
23	tions, as may be necessary or appropriate for the effec-
24	tive administration of title XVIII, or State plans ap
25	proved under title XIX.

1	"PROHIBITION AGAINST DISCLOSURE OF INFORMATION
2	"Sec. 1166. (a) Any data or information acquired by
3	any Professional Standards Review Organization, in the
4	exercise of its duties and functions, shall be held in confidence
5	and shall not be disclosed to any person except (A) to the
6	extent that may be necessary to carry out the purposes of
7	this part or (B) in such cases and under such circumstances
8	as the Secretary shall by regulations provide to assure ade-
9	quate protection of the rights and interests of patients, health
0	care practitioners, or providers of health care.
1	"(b) It shall be unlawful for any person to disclose any
12	such information other than for such purposes, and any per-
13	son violating the provisions of this section shall, upon con-
.4	viction, be fined not more than \$1,000, and imprisoned for
5	not more than six months, or both, together with the costs of
6	prosecution.
17	"LIMITATION ON LIABILITY FOR PERSONS PROVIDING IN-
18	FORMATION, AND FOR MEMBERS AND EMPLOYEES OF
19	PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS,
20	AND FOR HEALTH CARE PRACTITIONERS AND PRO-
21	VIDERS
22	"Sec. 1167. (a) Notwithstanding any other provision
23	of law, no person providing information to any Professional
24	Standards Review Organization shall be held, by reason of

25 having provided such information, to have violated any crimi-

- 1 nal law, or to be civilly liable under any law, of the United
- 2 States or of any State (or political subdivision thereof)
- 3 unless—
- 4 "(1) such information is unrelated to the perform-
- 5 ance of the duties and functions of such Organization, or
- 6 "(2) such information is false and the person pro-
- 7 viding such information knew, or had reason to believe,
- 8 that such information was false.
- 9 "(b)(1) No individual who, as a member or employee
- 10 of any Professional Standards Review Organization or who
- 11 furnishes professional counsel or services to such organiza-
- 12 tion, shall be held by reason of the performance by him of
- 13 any duty, function, or activity authorized or required of
- 14 Professional Standards Review Organizations under this
- 15 part, to have violated any criminal law, or to be civilly liable
- 16 under any law, of the United States or of any State (or
- 17 political subdivision thereof).
- 18 "(2) The provisions of paragraph (1) shall not apply
- 19 with respect to any action taken by any individual if such
- 20 individual, in taking such action, was motivated by malice
- 21 toward any person affected by such action.
- 22 "(c) No health care practitioner and no provider of
- 23 health care services shall be civilly liable to any person under
- 24 any law, of the United States or of any State (or political
- 25 subdivision thereof) on account of any action taken by him in

1	compliance with or reliance upon professionally accepted
2	norms of care and treatment applied by a Professional
3	Standards Review Organization operating in the area where
4	such practitioner or provider took such action but only if—
5	"(1) he takes such action (in the case of a health
6	care practitioner) in the exercise of his profession as a
7	health care practitioner or (in the case of a provider of
8	health care services) in the exercise of his functions as a
9	provider of health care services and
10	"(2) he exercised due care in all professional con-
11	duct taken or directed by him and reasonably related to,
12	and resulting from, the actions taken in compliance with
13	or reliance upon such professionally accepted norms of
4	care and treatment.
5	"AUTHORIZATION FOR USE OF CERTAIN FUNDS TO
16	ADMINISTER THE PROVISIONS OF THIS PART
17	"Sec. 1168. Expenses incurred in the administration of
18	this part shall be payable from—
19	"(1) funds in the Federal Hospital Insurance Trust
20	Fund;
21	"(2) funds in the Federal Supplementary Medi-
22	cal Trust Funds; and
23	"(3) funds appropriated to carry out the provisions
24	of title XIX;
25	in such amounts from each of the sources of funds (referred

H.R. 17550—18

- 1 to in clauses (1), (2), and (3)) as the Secretary shall
- 2 deem to be fair and equitable after taking into consideration
- 3 the costs attributable to the administration of this part with
- 4 respect to each of such plans and programs.
- 5 "TECHNICAL ASSISTANCE TO ORGANIZATIONS DESIRING
- 6 TO BE DESIGNATED AS PROFESSIONAL STANDARDS
- 7 REVIEW ORGANIZATIONS
- 8 "Sec. 1169. The Secretary is authorized to provide all
- 9 necessary technical and other assistance (including the prep-
- 10 aration of prototype plans of organization and operation)
- 11 to organizations described in section 1152(b)(1) which—
- 12 "(1) express a desire to be designated as a Profes-
- 13 sional Standards Review Organization; and
- 14 "(2) the Secretary determines have a potential for
- meeting the requirements of a Professional Standards
- 16 Review Organization;
- 17 to assist such organizations in developing a proper plan to
- 18 be submitted to the Secretary and otherwise in preparing to
- 19 meet the requirements of this part for designation as a Pro-
- <sup>20</sup> fessional Standards Review Organization.
- 21 "AUTHORIZATION OF DEMONSTRATION PROJECTS
- 22 "Sec. 1170. (a) In order to determine the feasibility
- 23 and potential economies of methods whereby Professional
- 24 Standards Review Organizations, in addition to their respon-
- 25 sibilities under this part, assume responsibility and risk with

respect to the review and payment of claims for health care 1 services, payment for which may be made (in whole or in 2 part) under any program established by or pursuant to this 3 Act, the Secretary is authorized to enter into agreements in 4 5 periods ending not later than December 31, 1975, with such number of Professional Standards Review Organizations, in 6 7 the same or in different areas of the Nation, as may be neces-8 sary to permit adequate and proper comparison of results, 9 with respect to the review and payment of claims for such 10 services, as between areas in which risk is assumed by Pro-11 fessional Standards Review Organizations and areas in which 12 such risk is not assumed by such organizations. The Secre-13 tary shall submit reports to the Congress on the results of 14 such demonstration projects from time to time but not less 15 than annually. 16 "(b)(1) The Secretary shall undertake such agree-17 ments with Professional Standards Review Organizations 18 which indicate willingness and capacity to assume respon-19 sibility for review and full payment for all care and services 20 for which beneficiaries or recipients resident in such geo-21 graphic areas are eligible. Reimbursement to such Profes-22 sional Standards Review Organizations for such commit-23 ments may be on a capitation, prepayment, insured or related 24 basis for renewable contract periods not in excess of one 25 year. Such amounts may not, on an annualized basis for

- 1 the initial agreement period, exceed per capita beneficiary
- 2 costs in the geographic area concerned during the 12-month
- 3 period prior to the effective date of the agreement. For any
- 4 subsequent periods the base 12-month period per capita bene-
- 5 ficiary costs shall also be applicable and adjusted by appro-
- 6 priate factors representing unit cost increases in covered
- 7 services.
- 8 "(2) Where such agreements are negotiated, provision
- 9 shall be made for assumption of risk by the underwriting
- 10 Professional Standards Review Organizations through
- 11 agreement to make contingent payment for physicians' serv-
- 12 ices of not in excess of 80 per centum of the amounts other-
- 13 wise allowable for such services in the absence of such
- 14 agreement.
- 15 "(3) From any amounts remaining at the end of the
- 16 agreement period, provision shall be made for equal division
- 17 of such amounts between the Secretary (and the State in
- 18 the case of a federally matched program) and the Profes-
- 19 sional Standards Review Organizations. The amounts ac-
- 20 tually paid to the Professional Standards Review Organiza-
- 21 tions from the divided excess may not exceed the 20 per
- 22 centum of otherwise allowable amounts withheld plus an in-
- 23 centive payment not in excess of 25 per centum of the total
- 24 amounts allowable and payable for physicians' services dur-
- 25 ing that year. Any remaining amounts of the Professional

- 1 Standards Review Organizations calculation in excess shall
- 2 revert to the Secretary or to the State in the case of a fed-
- 3 erally matched health care program.
- 4 "(4) Any deficit shall be assumed by the Secretary or
- 5 State agency in order to assure beneficiaries and recipients
- 6 of payment for necessary care. The Professional Standards
- 7 Review Organizations shall not be entitled to the 20 per
- 8 centum of the otherwise allowable amounts for physicians'
- 9 services withheld in such period. In any subsequent year,
- 10 the Secretary shall recover from any excess amounts remain-
- 11 ing such additional amounts as had been paid by him or by
- 12 a State agency to eliminate deficits in prior periods before
- 13 calculation of any payments of withheld and incentive
- 14 amounts to the Professional Standards Review Organiza-
- 15 tions.
- 16 "EXEMPTION OF CHRISTIAN SCIENCE SANATORIUMS
- "Sec. 1171. The provisions of this part shall not apply
- 18 with respect to a Christian Science sanatorium operated, or
- 19 listed and certified, by the First Church of Christ, Scientist,
- 20 Boston, Massachusetts."
- 21 PART C-MISCELLANEOUS AND TECHNICAL PROVISIONS
- 22 COVERAGE PRIOR TO APPLICATION FOR MEDICAL
- 23 ASSISTANCE
- SEC. 251. (a) Section 1902 (a) of the Social Security
- 25 Act (as amended by sections (241)234(b) and 238(b)
- 26 234(b), 238(b) and 243 of this Act) is further amended—

1	(1) by striking out "and" at the end of paragraph
2	(242) (31) (32);
3	(2) by striking out the period at the end of para-
4	graph (243) (32) (33) and inserting in lieu thereof
5	"; and"; and
6	(3) by inserting after paragraph <b>(</b> 244 <b>)</b> (32) (33)
7	the following new paragraph:
8	"(245)(33) (34) provide that in the case of any
9	individual who has been determined to be eligible for
10	medical assistance under the plan, such assistance will be-
11	made available to him for care and services included
12	under the plan and furnished in or after the third month
13	before the month in which he made application for
14	such assistance if such individual was (or upon appli-
15	cation would have been) eligible for such assistance at
16	the time such care and services were furnished."
17	(b) The amendments made by subsection (a) shall
18	be effective July 1, 1971.
19	HOSPITAL ADMISSIONS FOR DENTAL SERVICES UNDER
20	MEDICARE PROGRAM
21	Sec. 252. (a) Section 1814 (a) (2) of the Social Secu-
22	rity Act is amended by striking out "or" at the end of sub-
23	paragraph (C), by adding "or" after the semicolon at the
24	end of subparagraph (D), and by inserting after subpara-
25	graph (D) the following new subparagraph:

- "(E) in the case of inpatient hospital services
  in connection with a dental procedure, the individual
  suffers from impairments of such severity as to require hospitalization;".
- 5 (b) Section 1861 (r) of such act (246) is (as amended by sections 203 and 205 of this Act) is further amended by 7 inserting after "or any facial bone" the following: ", or (C) 8 the certification required by section 1814 (a) (2) (E) of 9 this Act,".
- 10 (c) Section 1862 (a) (12) of such Act is amended by
  11 inserting before the semicolon the following: ", except that
  12 payment may be made under part A in the case of inpatient
  13 hospital services in connection with a dental procedure where
  14 the individual suffers from impairments of such severity as
  15 to require hospitalization".
- 16 (d) The amendments made by this section shall apply
  17 with respect to admissions occurring after the second month
  18 following the month in which this Act is enacted.
- 19 EXEMPTION OF CHRISTIAN SCIENCE SANATORIUMS FROM
- 20 CERTAIN NURSING HOME REQUIREMENTS UNDER
- 21 MEDICAID PROGRAMS
- SEC. 253. (a) Section 1902 (a) of the Social Security
- 23 Act is amended by adding at the end thereof the following
- 24 new sentence: (247) "For purposes of paragraphs (26)
- 25 (28) (B), (D), and (E), and (29), and of section 1903 (g)
- 26 (4), the terms 'skilled nursing home' and 'nursing home

- 1 do not include a Christian Science sanatorium operated, or
- 2 listed and certified, by the First Church of Christ, Scientist,
- 3 Boston, Massachusetts." "The provisions of paragraphs (9)
- 4 (A), (29), (32), and (33) shall not apply to Christian
- 5 Science sanatoriums operated, or listed and certified, by the
- 6 First Church of Christ, Scientist, in Boston, Massachusetts."
- 7 (b) Section 1908 (g) (1) of such Act is amended by
- 8 inserting after "Secretary" the following: ", but does not
- 9 include a Christian Science sanatorium operated, or listed
- 10 and certified, by the First Church of Christ, Scientist, Boston,
- 11 Massachusetts".
- 12 (c) The amendments made by this section shall be
- 13 effective on the date of the enactment of this Act.
- 14 PHYSICAL THERAPY (248) AND OTHER SERVICES UNDER
- 15 MEDICARE PROGRAM
- 16 (249) SEC: 254: (a) (1) Section 1861 (p) of the Social Secu-
- 17 rity Act is amended by adding at the end thereof (after and
- 18 below paragraph (4) (B)) the following new sentence:
- 19 "Under regulations, the term 'outpatient physical therapy
- 20 services' also includes physical therapy services furnished an
- 21 individual by a physical therapist (in his office or in such
- 22 individual's home) who meets licensing and other standards
- 23 prescribed by the Secretary in regulations, otherwise than
- 24 under an arrangement with and under the supervision of a
- 25 provider of services, clinic, rehabilitation agency, or public
- 26 health agency, if the furnishing of such services meets such

- 1 conditions relating to health and safety as the Secretary may
- 2 find necessary."
- 3 (2) Section 1833 of such Act is amended by adding at
- 4 the end thereof the following new subsection:
- 5 "(g) In the case of services described in the next to
- 6 last sentence of section 1861 (p), with respect to expenses
- 7 incurred in any calendar year, no more than \$100 shall be
- 8 considered as incurred expenses for purposes of subsections
- 9 (a) and (b)."
- 10 (3) Section 1833 (a) (2) of such Act (as amended by
- 11 section 230 (b) of this Act) is further amended by striking
- 12 out the period at the end of subparagraph (B) and inserting
- 13 in lieu thereof "; or", and by adding after subparagraph (B)
- 14 the following new subparagraph:
- 15 "(C) if such services are services to which the
- next to last sentence of section 1861 (p) applies, the
- 17 reasonable charges for such services."
- 18 (4) Section 1832 (a) (2) (C) of such Act is amended
- 19 by striking out "services." and inserting in lieu thereof
- 20 "services, other than services to which the next to last sen-
- 21 tence of section 1861 (p) applies."
- 22 (b) (1) Section 1861 (p) of such Act (as amended by
- 23 subsection (a) (1) of this section) is further amended by
- 24 adding at the end thereof the following new sentence: "In
- 25 addition, such term includes physical therapy services which
- 26 meet the requirements of the first sentence of this subsection

- 1 except that they are furnished to an individual as an in-
- 2 patient of a hospital or extended care facility."
- 3 SEC. 254. (a)(1) Section 1861(p) of the Social
- 4 Security Act is amended by adding at the end thereof (after
- 5 and below paragraph (4)(B)) the following new sentence:
- 6 "In addition, such term includes physical therapy services
- 7 which meet the requirements of the first sentence of this sub-
- 8 section except that they are furnished to an individual as an
- 9 inpatient of a hospital or extended care facility."
- 10 (2) Section 1835 (a) (2) (C) of such Act is amended
- 11 by striking out "on an outpatient basis".
- 12 (250) (e) (b) Section 1861 (v) of such Act (as amended by
- 13 sections 221 (c) (4) and 223 (f) of this Act) is further
- 14 amended by redesignating paragraphs (5) and (6) as para-
- 15 graphs (6) and (7), respectively, and by inserting after
- 16 paragraph (4) the following new paragraph:
- 17 (251) (5) Where physical therapy services are furnished by
- 18 a provider of services or other organization specified in the
- 19 first sentence of section 1861(p), or by others under an
- 20 arrangement with such a provider or other organization, the
- 21 amount included in any payment to such provider or organi-
- 22 zation under this title as the reasonable cost of such services
- 23 shall not exceed an amount equal to the salary which would
- 24 reasonably have been paid for such services to the person
- 25 performing them if they had been performed in an employ-

- 1 ment relationship with such provider or organization rather
- 2 than under such arrangement."
- 3 "(5) Where physical therapy services, occupational
- 4 therapy services or other therapy services or services of other
- 5 health-related personnel (other than physicians) are furnished
- 6 by a provider of services, or other organization specified in the
- 7 first sentence of section 1861(p), or by others under an ar-
- 8 rangement with such a provider or other organization, the
- 9 amount included in any payment to such provider or organiza-
- 10 tion under this title as the reasonable cost of such services shall
- 11 not exceed an amount equal to the salary which would reason-
- 12 ably have been paid for such services to the person performing
- 13 them if they had been performed in an employment relationship
- 14 with such provider or organization (rather than under such
- 15 arrangement) plus the cost of such other expenses incurred by
- 16 such person not working as a full-time employee, as the Secre-
- 17 tary may in regulations determine to be appropriate."
- 18 (252) (d) (1) The amendments made by subsections (a)
- 19 and (b) shall apply with respect to services furnished on or
- 20 after January 1, 1971.
- 21 (c) (1) The amendments made by subsection (a) shall
- 22 apply with respect to services furnished after June 30, 1971.

- 1 (2) The amendments made by subsection (253) (e) (b)
- 2 shall be effective with respect to accounting periods begin-
- 3 ning on or after (254) January 4 June 30, 1971.
- 4 EXTENSION OF GRACE PERIOD FOR TERMINATION OF SUP-
- 5 PLEMENTARY MEDICAL INSURANCE COVERAGE WHERE
- 6 FAILURE TO PAY PREMIUMS IS DUE TO GOOD CAUSE
- 7 SEC. 255. (a) Section 1838 (b) of the Social Security
- 8 Act is amended by striking out "(not in excess of 90 days)"
- 9 in the third sentence, and by adding at the end thereof the
- 10 following new sentence: "The grace period determined under
- 11 the preceding sentence shall not exceed 90 days; except that
- 12 it may be extended to not to exceed 180 days in any case
- 13 where the Secretary determines that there was good cause for
- 14 failure to pay the overdue premiums within such 90-day
- 15 period."
- (b) The amendments made by subsection (a) shall
- 17 apply with respect to nonpayment of premiums which be-
- 18 come due and payable on or after the date of the enact-
- 19 ment of this Act or which became payable within the
- 20 90-day period immediately preceding such date; and for
- 21 purposes of such amendments any premium which became
- 22 due and payable within such 90-day period shall be con-

- 1 sidered a premium becoming due and payable on the date
- 2 of the enactment of this Act.
- 3 EXTENSION OF TIME FOR FILING CLAIM FOR SUPPLEMEN-
- 4 TARY MEDICAL INSURANCE BENEFITS WHERE DELAY
- 5 IS DUE TO ADMINISTRATIVE ERROR
- 6 SEC. 256. (a) Section 1842 (b) (3) of the Social
- 7 Security Act (as amended by section 224(a) of this
- 8 Act) is further amended by adding at the end thereof the
- 9 following new sentence: "The requirement in subparagraph
- 10 (B) that a bill be submitted or request for payment be
- 11 made by the close of the following calendar year shall not
- 12 apply if (i) failure to submit the bill or request the payment
- 13 by the close of such year is due to the error or misrepre-
- 14 sentation of an officer, employee, fiscal intermediary, carrier,
- or agent of the Department of Health, Education, and Wel-
- 16 fare performing functions under this title and acting within
- 17 the scope of his or its authority, and (ii) the bill is submitted
- 18 or the payment is requested promptly after such error or mis-
- 19 representation is eliminated or corrected."
- (b) The amendment made by subsection (a) shall ap-
- 21 ply with respect to bills submitted and requests for payment
- 22 made after March 1968.

- 1 WAIVER OF ENROLLMENT PERIOD REQUIREMENTS WHERE
- 2 INDIVIDUAL'S RIGHTS WERE PREJUDICED BY ADMINIS-
- 3 TRATIVE ERROR OR INACTION
- 4 SEC. 257. (a) Section 1837 of the Social Security Act
- 5 is amended by adding at the end thereof the following new
- 6 subsection:
- 7 "(f) In any case where the Secretary finds that an indi-
- 8 vidual's enrollment or nonenrollment in the insurance pro-
- 9 gram established by this part is unintentional, inadvertent,
- 10 or erroneous and is the result of the error, misrepresenta-
- 11 tion, or inaction of an officer, employee, or agent of the De-
- 12 partment of Health, Education, and Welfare, the Secretary
- 13 may take such action (including the designation for such
- 14 individual of a special initial or subsequent enrollment period,
- with a coverage period determined on the basis thereof and
- with appropriate adjustments of premiums) as may be neces-
- 17 sary to correct or eliminate the effects of such error, mis-
- representation, or inaction."
- (b) The amendment made by subsection (a) shall be
- <sup>20</sup> effective as of July 1, 1966.
- 21 ELIMINATION OF PROVISIONS PREVENTING ENROLLMENT
- 22 IN SUPPLEMENTARY MEDICAL INSURANCE PROGRAM
- 23 MORE THAN THREE YEARS AFTER FIRST OPPORTUNITY
- SEC. 258. Section 1837 (b) of the Social Security Act
- 25 is amended to read as follows:

- 1 "(b) No individual may enroll under this part more than
- 2 twice."
- 3 WAIVER OF RECOVERY OF INCORRECT PAYMENTS FROM
- 4 SURVIVOR WHO IS WITHOUT FAULT UNDER MEDICARE
- 5 PROGRAM
- 6 Sec. 259. (a) Section 1870 (c) of the Social Security
- 7 Act is amended by striking out "and where" and inserting in
- 8 lieu thereof the following: "or where the adjustment (or
- 9 recovery) would be made by decreasing payments to which
- 10 another person who is without fault is entitled as provided
- 11 in subsection (b) (4), if".
- 12 (b) The amendment made by subsection (a) shall
- 13 apply with respect to waiver actions considered after the date
- 14 of the enactment of this Act.
- 15 REQUIREMENT OF MINIMUM AMOUNT OF CLAIM TO ES-
- 16 TABLISH ENTITLEMENT TO HEARING UNDER SUPPLE-
- 17 MENTARY MEDICAL INSURANCE PROGRAM
- 18 SEC. 260. (a) Section 1842 (b) (3) (C) of the Social
- 19 Security Act is amended by inserting after "a fair hearing by
- 20 the carrier" the following: ", in any case where the amount
- 21 in controversy is \$100 or more,".
- 22 (b) The amendment made by subsection (a) shall
- 23 apply with respect to hearings requested (under the proce-
- 24 dures established under section 1842 (b) (3) (C) of the

- 1 Social Security Act) after the date of the enactment of this
- 2 Act.
- 3 COLLECTION OF SUPPLEMENTARY MEDICAL INSURANCE
- 4 PREMIUMS FROM INDIVIDUALS ENTITLED TO BOTH
- 5 SOCIAL SECURITY AND RAILROAD RETIREMENT
- 6 BENEFITS
- 7 Sec. 261. (a) Section 1840 (a) (1) of the Social Se-
- 8 curity Act is amended by striking out "subsection (d)" and
- 9 inserting in lieu thereof "subsections (b) (1) and (c)".
- (b) Section 1840 (b) (1) of such Act is amended by
- 11 inserting "(whether or not such individual is also entitled
- 12 for such month to a monthly insurance benefit under section
- 13 202)" after "1937", and by striking out "subsection (d)"
- 14 and inserting in lieu thereof "subsection (c)".
- (c) Section 1840 of such Act is further amended by
- 16 striking out subsection (c), and by redesignating subsections
- 17 (d) through (i) as subsections (c) through (h),
- 18 respectively.
- (d) (1) Section 1840 (e) of such Act (as so redesig-
- 20 nated) is amended by striking out "subsection (d)" and
- 21 inserting in lieu thereof "subsection (c)".
- 22 (2) Section 1840 (f) of such Act (as so redesignated)
- 23 is amended by striking out "subsection (d) or (f)" and
- 24 inserting in lieu thereof "subsection (c) or (e)".
- 25 (3) Section 1840 (h) of such Act (as so redesignated)

- 1 is amended by striking out "(c), (d), and (e)" and insert-
- 2 ing in lieu thereof "(c), and (d)".
- 3 (4) Section 1841 (h) of such Act is amended by strik-
- 4 ing out "1840 (e)" and inserting in lieu thereof "1840 (d)".
- 5 (e) Section 1841 of such Act is amended by adding
- 6 at the end thereof the following new subsection:
- 7 "(i) The Managing Trustee shall pay from time to time
- 8 from the Trust Fund such amounts as the Secretary of
- 9 Health, Education, and Welfare certifies are necessary to
- 10 pay the costs incurred by the Railroad Retirement Board
- 11 in making deductions pursuant to section 1840 (b) (1). Dur-
- 12 ing each fiscal year or after the close of such fiscal year,
- 13 the Railroad Retirement Board shall certify to the Secretary
- 14 the amount of the costs it incurred in making such deduc-
- 15 tions and such certified amount shall be the basis for the
- 16 amount of such costs certified by the Secretary to the Man-
- 17 aging Trustee."
- 18 (f) The amendments made by this section shall apply
- 19 with respect to premiums becoming due and payable after
- 20 (255) the fourth month following the month in which this
- 21 Act is enacted June 30, 1971.
- 22 PAYMENT FOR CERTAIN INPATIENT HOSPITAL SERVICES
- 23 FURNISHED OUTSIDE THE UNITED STATES
- SEC. 262. (a) Section 1814 (f) of the Social Security
- 25 Act is amended to read as follows:

1	"Payment for Certain Inpatient Hospital Services Furnished
2	Outside the United States
3	"(f) (1) Payment shall be made for inpatient hospital
4	services furnished to an individual entitled to hospital in-
5	surance benefits under section 226 by a hospital located
6	outside the United States, or under arrangements (as de-
7	fined in section 1861 (w) ) with it, if—
8	"(A) such individual is a resident of the United
9	States, and
10	"(B) such hospital was closer to, or substantially
11	more accessible from, the residence of such individua
12	than the nearest hospital within the United States which
13	was adequately equipped to deal with, and was available
14	for the treatment of, such individual's illness or injury
15	"(2) Payment may also be made for emergency in
16	patient hospital services furnished to an individual entitled
17	to hospital insurance benefits under section 226 by a hospital
18	located outside the United States if—
19	"(A) such individual was physically present in a
20	place within the United States at the time the emer-
21	gency which necessitated such inpatient hospital serv-
22	ices occurred, and
23	"(B) such hospital was closer to, or substantially
24	more accessible from, such place than the nearest hos-
25	pital within the United States which was adequately

- 1 equipped to deal with, and was available for the treat-
- 2 ment of, such individual's illness or injury.
- 3 "(3) Payment shall be made in the amount pro-
- 4 vided under subsection (b) to any hospital for the inpatient
- 5 hospital services described in paragraph (1) or (2) fur-
- 6 nished to an individual by the hospital or under arrange-
- 7 ments (as defined in section 1861 (w)) with it if (A) the
- 8 Secretary would be required to make such payment if the
- 9 hospital had an agreement in effect under this title and other-
- 10 wise met the conditions of payment hereunder, (B) such
- 11 hospital elects to claim such payment, and (C) such hos-
- 12 pital agrees to comply, with respect to such services, with
- 13 the provisions of section 1866 (a).
- 14 "(4) Payment for the inpatient hospital services de-
- 15 scribed in paragraph (1) or (2) furnished to an individual
- 16 entitled to hospital insurance benefits under section 226 may
- 17 be made on the basis of an itemized bill to such individual
- 18 if (A) payment for such services cannot be made under
- 19 paragraph (3) solely because the hospital does not elect to
- 20 claim such payment, and (B) such individual files applica-
- 21 tion (submitted within such time and in such form and
- 22 manner and by such person, and containing and supported
- 23 by such information as the Secretary shall by regulations
- 24 prescribe) for reimbursement. The amount payable with
- 25 respect to such services shall, subject to the provisions of

- section 1813, be equal to the amount which would be pay-1 able under subsection (d) (3)." 2
- (b) Section 1861 (e) of such Act is amended— 3

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- (1) by striking out "except for purposes of sections 4 1814(d) and 1835(b)" and inserting in lieu thereof 5 6 "except for purposes of sections 1814 (d), 1814 (f), and 1835 (b)"; 7
  - (2) by inserting ", section 1814 (f) (2)," immediately after "For purposes of sections 1814 (d) and 1835 (b) (including determinations of whether an individual received inpatient hospital services or diagnostic services
- for purposes of such sections)"; and 12 13 (3) by inserting after the third sentence the fol-
- 14 lowing new sentence: "For purposes of section 1814 (f) 15 (1), such term includes an institution which (i) is a 16 hospital for purposes of section 1814 (d), 1814 (f) (2), and 1835 (b) and (ii) is accredited by the Joint Com-18 mission on Accreditation of Hospitals, or is accredited 19 by or approved by a program of the country in which such institution is located if the Secretary finds the accreditation or comparable approval standards of such 22 program to be essentially equivalent to those of the Joint Commission on Accreditation of Hospitals."
- 24 (256) (e) Section 1862 (a) (4) of such Act is amended by striking out "emergency". 25

- (c)(1) Section 1862(a)(4) of such Act is amended 1 by— 2
- 3 (1) striking out "emergency"; and
- 4 (2) inserting after "1814(f)" the following:
- 5 "and, subject to such conditions, limitations, and requirements
- 6 as are provided under or pursuant to this title, physicians'
- 7 services and ambulance services furnished an individual in
- 8 conjunction with such inpatient hospital services but only
- 9 for the period during which such inpatient hospital services
- 10 were furnished;".
- 11 (2) Section 1861(r) of such Act (as amended by sec-
- 12 tions 203, 205(a), and 252(b) of this Act) is further
- 13 amended by adding the following sentence: "For the purposes
- 14 of section 1862(a)(4) and subject to the limitations and con-
- 15 ditions provided in the previous sentence, such term includes a
- 16 doctor of one of the arts, specified in such previous sentence,
- 17 legally authorized to practice such art in the country in which
- 18 the inpatient hospital services (referred to in such section
- 19 1862(a)(4)) are furnished."
- 20 (3) Section 1842(b)(3)(B)(ii) of such Act is
- 21 amended by striking out "service;" and inserting in lieu
- 22 thereof the following: "service (except in the case of phy-
- 23 sicians' services and ambulance service furnished as de-
- scribed in section 1862(a)(4), other than for purposes of 24
- 25 section 1870(f));"

- 1 (4) Section 1833(a)(1) of such Act (as amended by
- 2 section 244(a) of this Act) is further amended by striking
- 3 out "and" before "(C)", and by inserting before the semicolon
- 4 at the end thereof the following: ", and (D) with respect to ex-
- 5 penses incurred for those physicians' services for which pay-
- 6 ment may be made under this part that are described in sec-
- 7 tion 1862(a)(4), the amounts paid shall be subject to such
- 8 limitations as may be prescribed by regulations".
- 9 (d) The amendments made by this section shall apply
- 10 to services furnished with respect to admissions occurring
- 11 after (257) December 31, 1970 June 30, 1971.
- 12 (258) STUDY OF CHIROPRACTIC COVERAGE
- 13 SEC. 263. The Secretary, utilizing the authority con-
- 14 ferred by section 1110 of the Social Security Act, shall con-
- 15 duet a study of the coverage of services performed by chiro-
- 16 practors under State plans approved under title XIX of such
- 17 Act in order to determine whether and to what extent such
- 18 services should be covered under the supplementary medical
- 19 insurance program under part B of title XVIII of such Act,
- 20 giving particular attention to the limitations which should
- 21 be placed upon any such coverage and upon payment there-
- <sup>22</sup> for. Such study shall include one or more experimental, pilot,
- or demonstration projects designed to assist in providing
- <sup>24</sup> under controlled conditions the information necessary to
- 25 achieve the objectives of the study. The Secretary shall re-
- port the results of such study to the Congress within two

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1	years after the date of the enactment of this Act, together
2	with his findings and recommendations based on such study
3	(and on such other information as he may consider relevant
4	concerning experience with the coverage of chiropractors by
5	public and private plans).
6	MISCELLANEOUS TECHNICAL AND CLERICAL
7	AMENDMENTS
8	SEC. (259)264. 263. (a) Clause (A) of section 1902
9	(a) (26) of the Social Security Act is amended by striking
10	out "evaluation" and inserting in lieu thereof "evaluation)",
11	and by striking out "care" and inserting in lieu thereof "care".
12	(b) Section 1908 (d) of such Act is amended by strik-
13	ing out "subsection (b) (1)" and inserting in lieu thereof
l <b>4</b>	"subsection (c) (1)".
15	(c) Section 408 (f) of such Act is amended by striking
16	out "522 (a)" and inserting in lieu thereof "422 (a)".
17	(260) PROGRAM FOR DETERMINING QUALIFICATIONS FOR
18	CERTAIN HEALTH CARE PERSONNEL
19	SEC. 264. Title XI of the Social Security Act is amended
20	by adding after section 1123 (as added by section 240(a) of
21	this Act) and before section 1151 (as added by section 245
22	(b) of this Act) the following new section:
23	"PROGRAM FOR DETERMINING QUALIFICATIONS FOR
24	CERTAIN HEALTH CARE PERSONNEL
25	"SEC 1194 (a) The Secretary, in carrying out his func-

26 tions relating to the qualifications for health care personnel

- under title XVIII, shall develop (in consultation with ap-1 propriate professional health organizations and State health 2 and licensure agencies) and conduct (in conjunction with 3 State health and licensure agencies) until December 31, 1975, 4 5 a program designed to determine the proficiency of individuals (who do not otherwise meet the formal educational, profes-6 7 sional membership, or other specific criteria established for determining the qualifications of practical nurses, therapists, 8 9 laboratory technicians, X-ray technicians, psychiatric techni-10 cians or other health care technicians and technologists) to 11 perform the duties and functions of practical nurses, therapists, laboratory technicians, X-ray technicians, psychiatric 12 13 technicians, or other health care technicians or technologists. Such program shall include (but not be limited to) the em-14 ployment of procedures for the formal testing of the pro-15 ficiency of individuals. In the conduct of such program, no 16 individual who otherwise meets the proficiency requirements 17 for any health care specialty shall be denied a satisfactory proficiency rating solely because of his failure to meet formal 19 20 educational or professional membership requirements. "(b) If any individual has been determined, under the 21
- program established pursuant to subsection (a), to be qualified to perform the duties and functions of any health care specialty, no person or provider utilizing the services of such
- 25 individual to perform such duties and functions shall be denied
- 26 payment, under title XVIII or under any State plan ap-

- 1 proved under title XIX, for any health care services provided
- 2 by such person on the grounds that such individual is not
- 3 qualified to perform such duties and functions.
- 4 (261) INSPECTOR GENERAL FOR HEALTH ADMINISTRATION
- 5 SEC. 265. (a) Title XI of the Social Security Act is
- 6 amended by adding after section 1124 (as added by section
- 7 264 of this Act) and before section 1151 (as added by sec-
- 8 tion 245(b) of this Act) the following new section:
- 9 "INSPECTOR GENERAL FOR HEALTH ADMINISTRATION
- 10 "Sec. 1125. (a) (1) In addition to other officers within
- 11 the Department of Health, Education, and Welfare, there
- 12 shall be, within such Department, an officer with the title of
- 13 'Inspector General for Health Administration' (hereinafter
- 14 in this section referred to as the 'Inspector General'), who
- 15 shall be appointed or reappointed by the President, by and
- 16 with the advice and consent of the Senate. In addition, there
- 17 shall be a Deputy Inspector General for Health Administra-
- 18 tion (hereinafter referred to as the 'Deputy Inspector Gen-
- 19 eral'), and such additional personnel as may be required to
- 20 carry out the functions vested in the Inspector General by
- 21 this section.
- 22 "(2) The term of office of any individual appointed or
- 23 reappointed to the position of Inspector General shall expire
- 24 6 years after the date he takes office pursuant to such ap-
- 25 pointment or reappointment.

1	"(b) The Inspector General shall report directly to the
2	Secretary of Health, Education, and Welfare (hereinafter in
3	this section referred to as the 'Secretary'); and, in carrying
4	out the functions vested in him by this section, the Inspector
5	General shall not be under the control of, or subject to
6	supervision by, any officer of the Department of Health,
7	Education, and Welfare, other than the Secretary.
8	"(c)(1) It shall be the duty and responsibility of the
9	Inspector General to arrange for, direct or conduct such re-
10	views, inspections, and audits of the health insurance program
11	established by title XVIII, the medical assistance programs
12	established pursuant to title XIX and any other programs of
13	health care authorized under any other title of this Act as he
14	considers necessary for ascertaining the efficiency and economy
15	of their administration, their consonance with the provisions
16	of law by or pursuant to which such programs were estab-
17	lished, and the attainment of the objectives and purposes for
18	which such provisions of law were enacted.
19	"(2) The Inspector General shall maintain continuous
20	observation and review of programs with respect to which he
21	has responsibilities under paragraph (1) of this subsection
22	for the purpose of—
23	"(A) determining the extent to which such pro-
24	grams are in compliance with applicable laws and
25	regulations;

- "(B) making recommendations for the correction
   of deficiencies in, or for improving the organization,
   plans, procedures, or administration of, such programs;
   and
- "(C) evaluating the effectiveness of such programs in attaining the objectives and purposes of the provisions of law by or pursuant to which such programs were stablished.
- 9 "(d)(1) For purposes of aiding in carrying out his
  10 duties under this section, the Inspector General shall have
  11 access to all records, reports, audits, reviews, documents,
  12 papers, recommendations, or other material of or available to
  13 the Department of Health, Education, and Welfare which
  14 relate to the programs with respect to which the Inspector
  15 General has responsibilities under this section.
- "(2) The head of any Federal department, agency,
  fice, or instrumentality shall, at the request of the Inspector
  General, provide any information which the Inspector General determines will be helpful to him in carrying out his
  responsibilities under this section.
- "(e)(1) The Inspector General shall have authority
  to suspend any regulation, practice, or procedure employed in
  the administration of any program with respect to which he
  has responsibilities under this section if, as a result of any

- study, investigation, review, or audit of such program, he 1 2 determines that— "(A) the suspension of such regulation, practice, 3 or procedure will promote efficiency or economy in the 4 5 administration of such program; or "(B) such regulation, practice, or procedure is con-6 7 trary to applicable provisions of law, or does not carry 8 out the objectives and purposes of the provisions of law 9 by or pursuant to which there was established the pro-10 gram in connection with which such regulation, practice, 11 or procedure is promulgated, instituted, or applied. "(2)(A) Any suspension by the Inspector General of 12 13 any regulation, practice, or procedure pursuant to this sub-14 section shall remain in effect until the Inspector General 15 issues an order reinstating such regulation, practice, or pro-16 cedure; except that (i) in the case of any existing regulation, the Secretary may, at any time after any such suspension by 17 18 the Inspector General, issue an order revoking such suspen-19 sion, and (ii) in the case of a suspension of a practice or 20 procedure or the application of a proposed regulation, the 21 Secretary may, at any time later than 30 days after any such 22 suspension by the Inspector General, issue an order revoking 23 such suspension.
- 24 "(B) Whenever the Secretary issues an order revoking 25 any such suspension by the Inspector General, he shall

- 1 promptly notify the Committee on Finance of the Senate
- 2 and the Committee on Ways and Means of the House of
- 3 Representatives of such order and shall submit to each such
- 4 committee information explaining his reasons for the issuance
- 5 of such order.
- 6 "(f)(1) The Inspector General may, from time to time,
- 7 submit such reports to the Committee on Finance of the Sen-
- 8 ate and the Committee on Ways and Means of the House of
- 9 Representatives relating to his activities as he deems to be
- 10 appropriate.
- 11 "(2) Whenever either of the committees referred to in
- 12 paragraph (1) makes a request to the Inspector General to
- 13 furnish such committee with any information, or to conduct
- 14 any study or investigation and report the findings resulting
- 15 therefrom to such committee, the Inspector General shall
- 16 comply with such request.
- 17 "(3) Whenever the Inspector General issues an order
- 18 suspending or reinstating any regulation, practice, or pro-
- 19 cedures pursuant to subsection (e), he shall promptly notify
- 20 the Committee on Finance of the Senate and the Committee
- 21 on Ways and Means of the House of Representatives of such
- 22 order and shall submit to each such Committee information
- 23 explaining his reasons for the issuance of such order.
- 24 "(a) The Inspector General may make expenditures
- 25 (not in excess of \$50,000 in any fiscal year) of a confiden-

- 1 tial nature when he finds that such expenditures are in aid
- 2 of inspections, audits, or reviews under this section; but such
- 3 expenditures so made shall not be utilized to make payments,
- 4 to any one individual, the aggregate of which exceeds
- 5 \$2,000. The Inspector General shall submit annually a con-
- 6 fidential report on expenditures under this provision to the
- 7 Committee on Finance of the Senate and the Committee on
- 8 Ways and Means of the House of Representatives.
- 9 "(h)(1) Expenses of the Inspector General relating
- 10 to the health insurance program established by title XVIII
- 11 shall be payable from the Federal Hospital Insurance Trust
- 12 Fund and from the Federal Supplementary Medical Insur-
- 13 ance Trust Fund, with such portions being paid from each
- 14 such Fund as the Secretary shall deem to be appropriate.
- 15 Expenses of the Inspector General relating to medical assist-
- 16 ance programs established pursuant to title XIX shall be
- 17 payable from funds appropriated to carry out such title; and
- 18 expenses of the Inspector General relating to any program
- 19 of health care authorized under any title of this Act (other
- 20 than titles XVIII and XIX) shall be payable from funds
- 21 appropriated to carry out such program.
- 22 "(2) There are hereby authorized to be appropriated
- 23 such sums as may be necessary to carry out the purposes
- 24 of this section.
- 25 "(i) The Secretary shall provide the Inspector General

- 1 and his staff with appropriate office space within the facili-
- 2 ties of the Department of Health, Education, and Welfare,
- 3 together with such equipment, office supplies, and com-
- 4 munications facilities and services, as may be necessary for
- 5 the operation of such office and shall provide necessary
- 6 maintenance services for such office and the equipment and
- 7 facilities located therein."
- 8 (b) Section 5315 of title 5, United States Code, is
- 9 amended by inserting:
- 10 "(93) Inspector General for Health Administra-
- 11 tion."
- 12 immediately below
- 13 "(92) Executive Vice President, Overseas Private
- 14 Investment Corporation."
- 15 (262) INCREASE IN LIMITATION ON PAYMENTS TO PUERTO
- 16 RICO FOR MEDICAL ASSISTANCE
- 17 SEC. 266. (a) Section 1108(c)(1) of the Social Se-
- 18 curity Act is amended by striking "\$20,000,000" and
- 19 inserting in lieu thereof "\$30,000,000".
- 20 (b) The amendment made by this section shall apply
- 21 with respect to fiscal years beginning after June 30, 1971.
- 22 (263) ESTABLISHMENT OF PRIORITIES FOR SCREENING OF
- 23 CHILDREN UNDER MEDICAL ASSISTANCE PROGRAMS
- 24 SEC. 267. Section 1905(a)(4)(B) of the Social Secu-
- 25 rity Act is amended by inserting immediately after the semi-

1	colon at the end thereof the following: "and, in order to assure
2	the orderly implementation of this subclause (B), such regu-
3	lations shall establish priorities with respect to the screening
4	of eligible individuals in order of age groups;".
5	(264) TREATMENT IN MENTAL HOSPITALS FOR
6	INDIVIDUALS UNDER AGE 21
7	SEC. 268. (a) Section 1905(a) of the Social Security
8	Act is amended—
9	(1) by striking the word "and" in paragraph (14);
10	(2) by redesignating paragraph (15) as paragraph
11	(17);
12	(3) by inserting after paragraph (14) the follow-
13	ing new paragraph:
14	"(15) effective July 1, 1971, inpatient psychiatric
15	hospital services for individuals under 21, as defined in
16	subsection (c);".
17	(b) Section 1905 of such Act is further amended by
18	adding after subsection (b) the following new subsection:
19	"(c)(1) For purposes of paragraph (15) of subsec-
20	tion (a), the term 'inpatient psychiatric hospital services for
21	individuals under age 21' includes only—
22	"(A) inpatient services which are provided in an
23	institution which is accredited as a psychiatric hospital
24	by the Joint Commission on Accreditation of Hospitals;
25	"(B) inpatient services which, in the case of any

- individual, involves active treatment (which meets such standards, equivalent to standards applicable with respect to inpatient psychiatric hospital services under title XVIII, as may be prescribed in regulations by the Sectedary) of such individual; and
- "(C) inpatient services which, in the case of any 6 7 individual, are provided prior to (A) the date such in-8 dividual attains age 21, or (B) in the case of an in-9 dividual who was receiving such services in the period 10 immediately preceding the date on which he attained 11 age 21, (i) the date such individual no longer requires 12 such services, or (ii) if earlier, the date such individual 13 attains age 22:
- 14 "(2) Such term does not include services provided 15 during any calendar quarter under the State plan of any 16 State if the total amount of the funds expended, during such 17 quarter, by the State (and the political subdivisions thereof) 18 from non-Federal funds for services included under para-19 graph (1) is less than the average quarterly amount of 20 the funds expended, during the 4-quarter period ending 21 December 31, 1970, by the State (and the political sub-22 divisions thereof) from non-Federal funds for such services." 23 (c) Section 1905(a) is further amended by striking 24
- 24 out, in the part which follows paragraph (17) (as re-25 designated by subsection (a) of this section), "except that"

1	and inserting in lieu thereof "except as otherwise provided
2	in paragraph (15),".
3	(265) Inclusion under medicald of care in
4	INTERMEDIATE CARE FACILITIES
5	SEC. 269. (a) Section 1905(a) of the Social Security
6	Act is amended by inserting after clause (15) (as added
7	by section 268 of this Act) the following new clause:
8	"(16) effective July 1, 1971, intermediate care fa-
9	cility services (other than such services in an institution
<b>1</b> 0	for tuberculosis or mental diseases) for individuals who
11	are determined, in accordance with section 1902(a)(33)
12	(A), to be in need of such care;".
13	(b) Section 1905 of such Act is amended by adding
14	at the end thereof the following new subsections:
15	"(d) For purposes of this title the term 'intermediate
16	care facility' means an institution or distinct part thereof
17	which (1) is licensed under State law to provide, on a regu-
18	lar basis, health-related care and services to individuals who
19	do not require the degree of care and treatment which a hos-
20	pital or skilled nursing home is designed to provide, but who
21	because of their mental or physical condition require care
22	and services (beyond the level of room and board) which
23	can be made available to them only through institutional
24	facilities, (2) has on its staff at least one full-time licensed
25	practical nurse, (3) meets such standards prescribed by the

1	Secretary as he finds appropriate for the proper provision of
2	such care, and (4) meets such standards of safety and sanita-
3	tion as are applicable to nursing homes under State law. The
4	term 'intermediate care facility' also includes a Christian
5	Science sanatorium operated, or listed and certified, by the
6	First Church of Christ, Scientist, Boston, Massachusetts, but
7	only with respect to institutional services deemed appropriate
8	by the State. With respect to services furnished to individuals
9	under age 65, the term 'intermediate care facility' shall not
10	include, except as provided in subsection (e), any public
11	institution or distinct part thereof for mental diseases or
12	mental defects. Clause (2) shall not apply to any such insti-
13	tution or distinct part thereof which meets the requirements
14	of subsection (e).
15	"(e) The term 'intermediate care facility services' may
16	include services in a public institution (or distince part
17	thereof) for the mentally retarded or persons with related
18	conditions if—
19	"(1) the primary purpose of such institution (or
20	distinct part thereof) is to provide health or rehabilitative
21	services for mentally retarded individuals and which meet
22	such standards as may be prescribed by the Secretary;
23	"(2) the mentally retarded individual with respect

to whom a request for payment is made under a plan

1	approved under this title is receiving active treatment
2	under such a program; and
3	"(3) the State or political subdivision responsible
4	for the operation of such institution has agreed that the
5	non-Federal expenditures with respect to patients in such
6	institution (or distinct part thereof) will not be reduced
7	because of payments made under this title."
8	(c) Effective July 1, 1971, section 1121 of such Ac
9	is repealed.
10	(266) USE OF CONSULTANTS FOR EXTENDED CARE
11	FACILITIES
12	SEC. 270. Section 1864(a) of the Social Security Ac
13	is amended by adding at the end the following new sentence
14	"Any State agency which has such an agreement may, sub-
15	ject to approval of the Secretary, furnish to an extended care
16	facility, after proper request by such facility, such specialized
17	consultative services (which such agency is able and will-
18	ing to furnish) as such facility may need to meet one or more
19	of the conditions specified in section 1861(j). Any such
20	services furnished by a State agency shall be deemed to have
21	been furnished pursuant to such agreement."
22	(267) TERMINATION OF NATIONAL ADVISORY COUNCIL ON
23	NURSING HOME ADMINISTRATION
24	SEC. 271. Section 1908(f)(5) of the Social Security
25	Act is amended by striking out "December 31, 1971" and
26	inserting in lieu thereof "December 31, 1970".

1	(268) AUTHORITY FOR MISSOURI TO MODIFY ITS MEDICAL
2	ASSISTANCE PROGRAM: REPEAL OF SECTION 1902(d) OF
3	THE SOCIAL SECURITY ACT
4	SEc. 272. (a) The State of Missouri is hereby author
5	ized to modify its State plan approved under title XIX of the
6	Social Security Act, effective for the four-quarter period
7	commencing July 1, 1970, in accordance with the provision
8	of section 1902(d) of such Act (but without application of
9	clause (1) of the first sentence thereof).
10	(b) Section 1902(d) of the Social Security Act is re-
1	pealed.
12	(269) PENALTIES FOR FRAUDULENT ACTS AND FALSE
13	REPORTING UNDER MEDICARE AND MEDICAID
L <b>4</b>	Sec. 273. (a) Section 1872 of the Social Security Act
5	is amended by striking out "208,".
16	(b) Title XVIII of the Social Security Act is amended
17	by adding at the end thereof (after section 1876 added to
8	such Act by section 239(a) of this Act) the following new
9	section:
20	"PENALTIES
21	"Sec. 1877 (a) The provisions of section 208 of this
22	Act shall apply with respect to this title to the same extent

as they are applicable with respect to title II, except that in

the case of penalties applicable to this title, such penalties

23

- 1 shall be a fine of not more than \$10,000 or imprisonment for
- 2 not more than one year, or both.
- 3 "(b) Notwithstanding the provisions of subsection (a),
- 4 any provider of services, supplier, physician, or other person
- 5 who furnishes items or services to an individual for which
- 6 payment is or may be made under this title and who solicits,
- 7 offers, or receives any—
- 8 (1) kickback or bribe in connection with the fur-
- 9 nishing of such items or services or the making or receipt
- 10 of such payment, or
- 11 (2) rebate of any fee or charge for referring any
- such individual to another person for the furnishing of
- 13 such items or services
- 14 shall be guilty of a misdemeanor and upon conviction thereof
- 15 shall be fined not more than \$10,000 or imprisoned for not
- 16 more than one year, or both.
- 17 "(c) Whoever knowingly and willfully makes or causes
- 18 to be made, or induces or seeks to induce the making of, any
- 19 false statement or representation of a material fact with
- 20 respect to the conditions or operation of any institution or
- 21 facility in order that such institution or facility may qualify
- 22 as a hospital, extended care facility, or home health agency
- 23 (as those terms are defined in section 1861), shall be guilty
- 24 of a misdemeanor and upon conviction thereof shall be fined

1	not more than \$2,000 or imprisoned for not more than 6
2	months, or both."
3	(c) Title XIX of such Act is amended by adding after
4	section 1908 the following new section:
5	"PENALITIES
6	"Sec. 1909. (a) Any person who furnishes items or
7	services to an individual for which payment is or may be made
8	in whole or in part out of Federal funds under a State plan
9	approved under this title and who solicits, offers or receives
10	any—
11	(1) kickback or bribe in connection with the furnish-
12	ing of such items or services or the making or receipt of
13	such payment, or
14	(2) rebate of any fee or charge for referring any
15	such individual to another person for the furnishing of
16	such items or services
17	shall be guilty of a misdemeanor and upon conviction thereof
18	shall be fined not more than \$10,000 or imprisoned for not
19	more than one year, or both.
20	"(b) Whoever knowingly and willfully makes or causes
21	to be made, or induces or seeks to induce the making of, any
22	false statement or representation of a material fact with re-
23	spect to the conditions or operation of any institution or
24	facility in order that such institution or facility may qualify

- 1 as a hospital, skilled nursing home, intermediate care facility,
- 2 or home health agency (as those terms are employed in this
- 3 title) shall be guilty of a misdemeanor and upon conviction
- 4 thereof shall be fined not more than \$2,000 or imprisoned for
- 5 not more than 6 months, or both."
- 6 (d) The provisions of subsection (a) shall not be appli-
- 7 cable to any acts, statements, or representations made or com-
- 8 mitted prior to the enactment of this Act.
- 9 (270) PUBLIC ACCESS TO RECORDS CONCERNING AN
- 10 INSTITUTION'S QUALIFICATION
- 11 SEC. 274. Section 1866 of the Social Security Act is
- 12 amended by (1) redesignating subsection (e) as subsection
- 13 (f) and (2) inserting after subsection (d) the following new
- 14 subsection:
- 15 "(e) If the Secretary finds that a hospital or extended
- 16 care facility which has entered into an agreement under this
- 17 section has failed to comply with one or more of the appli-
- 18 cable provisions of section 1861 and regulations issued there-
- 19 under, but that such failure is not sufficient to justify a termi-
- 20 nation of such agreement, he shall notify such hospital or
- 21 extended care facility of such failure. If after a reasonable
- 22 length of time, not to exceed 90 days from the date of such
- 23 notification, such failure still exists, the Secretary shall make
- 24 public (as provided in regulation) in readily available form
- 25 and place information as to such failure by such hospital or
- 26 extended care facility."

1	(271) LIEN IN FAVOR OF UNITED STATES WHERE
2	OVERPAYMENT DETERMINED
3	SEC. 275. Title XVIII of the Social Security Act is
4	amended by adding at the end thereof (after section 1877
5	added to such Act by section 273 of this Act) the following
6	new section:
7	"LIEN IN FAVOR OF UNITED STATES WHERE OVER-
8	PAYMENT IS DETERMINED
9	"Sec. 1878. (a) Where the Secretary determines that
10	a provider of services or other person who has furnished
11	items or services to an individual is indebted to the United
12	States by reason of payments made to such provider or other
13	person under this title, and after demand by the Secretary,
14	the provider of services or other person neglects or refuses to
15	pay the amount of such indebtedness, such amount (including
16	any interest) shall be a lien in favor of the United States
17	upon all property and rights to property, whether real or per-
18	sonal, belonging to such provider or person.
19	"(b) Unless another date is specifically fixed by law, the
20	lien imposed by subsection (a) shall arise at the time the Sec-
21	retary makes the demand referred to in such subsection (a)
22	and shall continue until the liability for the amount deter-
23	mined to be due the United States (or a judgment against the
24	provider or person arising out of an action pursuant to sub-
25	section (d)) is satisfied or becomes unenforceable by reason

26 of lapse of time.

1	"(c) The provisions of section 6323 (relating to the
2	validity and priority against certain persons) and section
3	6325 (relating to release of lien or discharge of property)
4	of the Internal Revenue Code of 1954 shall be applicable to
5	the lien imposed by subsection (a) of this section in the same
6	manner, to the same extent, and under the same conditions
7	as such sections 6323 and 6325 are applicable to the lien
8	imposed by section 6321 of such code, and for purposes of
9	this section, the following terms used in such sections 6323
10	and 6325 shall have the meanings assigned to them in this
11	subsection—
12	"(1) the term 'lien imposed by section 6321' shall
13	mean 'the lien imposed by subsection (a)';
14	"(2) the term 'Secretary or his delegate' shall mean
15	the 'Secretary of Health, Education, and Welfare';
16	"(3) the term 'tax lien filing' shall mean the 'filing
17	of notice of the lien imposed by subsection (a)';
18	"(4) the terms 'lien imposed with respect to any in-
19	ternal revenue tax' or 'lien imposed by this chapter' shall
20	mean 'lien imposed under subsection (a)';
21 .	"(5) reference to the assessment of an amount or the
22	assessment of a tax shall be a reference to the amount
23	determined due by the Secretary with respect to which a
24	lien is imposed under subsection (a).
25	"(d) In the case of any provider of services or other

- 1 persons furnishing services under this title with respect to
  2 whose property or rights to property a lien has been filed pur3 suant to this section and who is dissatisfied with such filing,
- 4 such provider or person shall be entitled to a hearing thereon
- 5 by the Secretary (after reasonable notice and opportunity
- 6 for a hearing) to the same extent as is provided in section
- 7 205(b), and to judicial review of the Secretary's final deci-
- 8 sion after such hearing as is provided in section 205(b), and
- 9 to judicial review of the Secretary's final decision after such
- 10 hearing as is provided in section 205(g). In any such hear-
- 11 ing, such provider or person shall have the right to challenge
- 12 the Secretary's determination of overpayment which gave rise
- 13 to the filing of such lien and the burden of proof shall be
- 14 upon the provider or person challenging the Secretary's
- 15 determination of overpayment."
- 16 (272) EXTENSION OF TITLE V TO AMERICAN SAMOA AND
- 17 THE TRUST TERRITORY OF THE PACIFIC ISLANDS
- 18 SEC. 276. (a) Section 1101(a) (1) of the Social Secu-
- 19 rity Act is amended by adding at the end thereof the follow-
- 20 ing sentence: "Such term when used in title V also includes
- 21 American Samoa and the Trust Territory of the Pacific
- 22 Islands."
- 23 (b) Section 1108(d) is amended by inserting, after "allot
- 24 such smaller amount to Guam", the following: ", American
- 25 Samoa, and the Trust Territory of the Pacific Islands".

1	(c) The amendments made by this section shall apply
2	with respect to fiscal years beginning after June 30, 1971.
3	(273) RELATIONSHIP BETWEEN MEDICAID AND
4	COMPREHENSIVE HEALTH CARE PROGRAMS
5	SEC. 277. Section 1902 (a) (23) of the Social Security
6	Act is amended by adding at the end thereof the following:
<b>7</b> .	"a State plan shall not be deemed to be out of compliance
8	with the requirements of this paragraph or paragraph (1)
9	or (10) solely by reason of the fact that the State (or any
10	political subdivision thereof) has entered into a contract with
11	an organization which has agreed to provide care and services
12	in excess of those offered under the State plan to individuals
13	eligible for medical assistance who reside in the geographic
14	area served by such organization and who elect to obtain such
15	care and services from such organization;"
16	(274) REFUND OF EXCESS PREMIUMS UNDER MEDICARE
17	SEC. 278. Section 1870 of the Social Security Act is
18	amended by adding at the end thereof the following new
19	subsection:
20	"(g) If an individual, who is enrolled under section 103
21	(d) of the Social Security Amendments of 1965 or under
22	section 1837, dies, and premiums with respect to such en-
23	rollment have been received with respect to such individual
24	for any month after the month of his death, such premiums
25	shall be refunded to the person or persons determined by, the

1	Secretary under regulations to have paid such premiums.
2	or if payment for such premiums was made by the deceased
3	individual before his death, to the legal representative of the
4	estate of such deceased individual, if any. If there is no
5	person who meets the requirements of the preceding sentence
6	such premiums shall be refunded to the person or persons
7	in the priorities specified in paragraphs (2) through (7) of
8	subsection (e)."
9	(275) CLARIFICATION OF MEANING OF "PHYSICIANS"
10	SERVICES" UNDER TITLE XIX
11	SEC. 279. Section 1905(a)(5) of the Social Security
12	Act is amended by inserting "furnished by a physician (as
13	defined in section 1861(r)(1))" after "physicians' services".
14	(276) CHIROPRACTORS' SERVICES UNDER MEDICAID
<b>1</b> 5	SEC. 280. (a) Section 1905 of the Social Security Act
16	(as amended by sections 268(b), 269(b), and 279 of this
17	Act) is further amended by adding after subsection (d) the
18	following new subsection:
19	"(e) If the State plan includes provision of chiroprac-
20	tors' services, such services include only—
21	"(1) services provided by a chiropractor (A) who
22	is licensed as such by the State and (B) who meets uni-
23	form minimum standards promulgated by the Secretary
24	under section $1861(r)(5)$ ; and

1	"(2) services which consist of treatment by means
2	of manual manipulation of the spine which the chiro-
3	practor is legally authorized to perform by the State.
4	(b) The amendment made by this section shall be effec-
5	tive with respect to services furnished after June 30, 1971.
6	(277) PROVIDER REIMBURSEMENT APPEALS BOARD
7	SEC. 281. (a) Title XVIII of the Social Security Act
8	is amended by inserting after section 1878 (as added by sec-
9	tion 275 of this Act) the following new section:
10	"PROVIDER REIMBURSEMENT APPEALS BOARD
11	"Sec. 1879. (a) Any provider of services which has
12	filed a required cost report within the time specified in regula-
13	tions may obtain a hearing with respect to such cost report by
14	the Provider Reimbursement Appeals Board (hereinafter
15	referred to as 'the Board') if—
16	"(1) such provider—
17	"(A) is dissatisfied with a final determination
18	of the organization serving as its fiscal intermediary
19	pursuant to section 1816 as to the reasonable cost of
20	the items and services furnished to individuals for
21	which payment may be made under this title for the
22	period covered by such report, or
23	"(B) has not received such final determination
24	from such intermediary within ninety days from the

1	date of filing such report, where such report com-
2	plied with the rules and regulations of the Secretary
3	relating to such report, or
4	"(C) has not received such final determination
5	within ninety days of filing a supplementary cost re-
6	port, where such cost report did not so comply and
7	such supplementary cost report did so comply, and
8	"(2) the amount in controversy is \$10,000 or more,
9	and
0	"(3) such provider files a request for a hearing
1	within 180 days after—
2	"(A) notice of the intermediary's final determi-
13	nation under paragraph (1)(A), or
4	"(B) the filing of the cost report under para-
15	$graph\ (1)(B),\ or$
6	"(C) the filing of the supplementary cost report
L <b>7</b>	under paragraph (1)(C).
18	"(b) The provisions of subsection (a) shall apply to any
19	group of providers of services if each provider of services in
20	such group would, upon the filing of an appeal (but without
21	regard to the \$10,000 limitation), be entitled to such a hear-
22	ing, but only if the matters in controversy involve a common
23	question of fact or interpretation of law or regulations and

- 1 the amount in controversy is, in the aggregate, \$10,000 or
- 2 more.
- 3 "(c) At such hearing, the provider of services shall have
- 4 the right to be represented by counsel, to introduce evidence,
- 5 and to examine and cross-examine witnesses. Evidence may be
- 6 received at any such hearing even though inadmissable under
- 7 rules of evidence applicable to court procedure.
- 8 "(d) A decision by the Board shall be based upon the
- 9 record made at such hearing, which shall include the evidence
- 10 considered by the intermediary and such other evidence as
- 11 may be obtained or received by the Board, and shall be sup-
- 12 ported by substantial evidence when the record is viewed as a
- 13 whole. The Board shall have the power to affirm, modify, or
- 14 revise a final determination of the fiscal intermediary with
- 15 respect to a cost report and to make any other revisions on
- 16 matters covered by such cost report (including revisions
- 17 adverse to the provider of service) even though such matters
- 18 were not considered by the intermediary in making such final
- 19 determination. Where the Board grants a hearing pursuant
- 20 to subparagraphs (B) and (C) of paragraph (1) of sub-
- 21 section (a) it shall have the power to make a final determina-
- 22 tion with respect to the cost report to the same extent as the
- 23 fiscal intermediary.
- 24 "(e) The Board shall have full power and authority to
- 25 make rules and establish procedures, not inconsistent with the

- 1 provisions of this title, which are necessary or appropriate to
- 2 carry out the provisions of this section. In the course of any
- 3 hearing the Board may administer oaths and affirmations.
- 4 The provisions of subsections (d), (e) and (f) of section 205
- 5 to subpense shall apply to the Board to the same extent as
- 6 they apply to the Secretary with respect to title II.
- 7 "(f) A decision of the Board shall be final and shall be
- 8 affirmed by the Secretary within 60 days after the date such
- 9 decision is made unless the Secretary, on his own motion, and
- 10 within a 90-day period after the provider of services in notified
- 11 of the Board's decision, reverses or modifies adversely to such
- 12 provider the Board's decision. In any case where such
- 13 reversal or modification or nonaffirmation occurs the pro-
- 14 vider of services may obtain a review of such decision by a
- 15 civil action commenced within sixty days of the date he is
- 16 notified of the Secretary's reversal or modification. Such
- 17 action shall be brought in the district court of the United
- 18 States for the judicial district in which the provider is located
- 19 or in the District Court for the District of Columbia and shall
- 20 be tried pursuant to the applicable provisions under chapter
- 21 7 of title 5, United States Code, notwithstanding any other
- 22 provisions in section 205.
- 23 "(g) The findings of a fiscal intermediary that no pay-
- 24 ment may be made under this title for any expenses incurred
- 25 for items or services furnished to an individual because such

- 1 items or services are listed in section 1862 shall not be re-
- 2 viewed by the Board or by any court.
- 3 "(h) The Board shall be composed of five members ap-
- 4 pointed by the Secretary without regard to the provisions of
- 5 title 5, United States Code, governing appointments in the
- 6 competitive service. Two of such members shall be selected
- 7 from representatives of organizations representing providers
- 8 of services. Such members shall be persons knowledgeable in
- 9 the field of cost reimbursement, at least one of whom shall be
- 10 a certified public accountant, and shall be entitled to receive
- 11 compensation at rates fixed by the Secretary, but not exceed-
- 12 ing the rate specified (at the time service is rendered by such
- 13 members) for grade GS-18 in title 5, section 5332. The term
- 14 of office shall be three years, except that the Secretary shall
- 15 appoint initial members of the Board for shorter terms to the
- 16 extent necessary to permit staggered terms of office."
- 17 (b) The amendments made by this section shall apply
- 18 with respect to cost reports of providers of services, as defined
- 19 in title XVIII of the Social Security Act, for accounting
- 20 periods ending after June 30, 1971.
- 21 (278) LIMITATION ON ADJUSTMENT OR RECOVERY OF IN-
- 22 CORRECT PAYMENTS UNDER THE MEDICARE PROGRAM
- 23 SEC. 282. (a)(1) Section 1870(b)(1) of the Social
- 24 Security Act is amended by—
- 25 (A) inserting "(A)" after "the Secretary deter-
- 26 mines"; and

1	(B) inserting	at	the	end	of	paragraph	(1)	the
2	following:							

- "(B) that such provider of services or other person
  was without fault with respect to the payment of such
  excess over the correct amount, or".
- (2) Section 1870(b) of such Act is amended by adding at the end the following new sentence: "For purposes of clause (B) of paragraph (1), such provider of services or such other person shall, in the absence of evidence to the contrary, be deemed to be without fault if the Secretary's determination that more than such correct amount was paid was made subsequent to the third year following the year in which notice was sent to such individual that such amount had been paid."
- 15 (b) Section 1870(c) of such Act is amended by—
  - (1) inserting "or title XVIII" after "title II", and
  - (2) adding at the end the following new sentence: "Adjustment or recovery of an incorrect payment (or only such part of an incorrect payment as the Secretary determines to be inconsistent with the purposes of this title) against an individual who is without fault shall be deemed to be against equity and good conscience if (A) the incorrect payment was made for expenses incurred for items or services for which payment may not be made under this title by reason of the provisions of paragraph

1	(1) or (9) of section 1862 and (B) if the Secretary's
2	determination that such payment was incorrect was
3	made subsequent to the third year following the year in
4	which notice of such payment was sent to such individual."
5	(c) Section 1866 (a)(1) of such Act is amended by—
6	(1) redesignating subparagraph (B) as subpara-
7	graph(C), and
8	(2) inserting after subparagraph (A) the follow-
9	ing new subparagraph:
10	"(B) not to charge any individual or any other
11	person for items or services for which such individual
12	is not entitled to have payment made under this title be-
13	cause payment for expenses incurred for such items or
14	services may not be made by reason of the provisions of
15	paragraphs (1) or (9), but only if (i) such individual
16	was without fault in incurring such expenses and (ii)
17	the Secretary's determination that such payment may not
18	be made for such items and services was made after the
19	third year following the year in which notice of such
20	payment was sent to such individual, and".
21	(d) Section 1842(b)(3)(ii) of such Act is amended
22	by—
23	(1) inserting "(I)" after "of which"; and
24	(2) inserting after "service" the following: "and

(II) the physician or other person furnishing such serv-

ice agrees not to charge for such service if payment may not be made therefor by reason of the provisions of para-graph (1) of section 1862, and if the individual to whom such service were furnished was without fault in incurring the expenses of such service, and if the Secre-tary's determination that payment (pursuant to such assignment) was incorrect was made subsequent to the third year following the year in which notice of such payment was sent to such individual". 

10 (e) Section 1814(a)(1) of such Act is amended to read 11 as follows:

"(1) written request, signed by such individual, except in cases in which the Secretary finds it impracticable for the individual to do so, is filed for such payment in such form, in such manner and by such person or persons as the Secretary may by regulation prescribe, no later than the close of the period of 3 calendar years following the year in which such services are furnished (deeming any services furnished in the last 3 calendar months of any calendar year to have been furnished in the succeeding calendar year) except that where the Secretary deems that efficient administration so requires, such period may be reduced to not less than 1 calendar year;"

(f) Section 1835(a)(1) of such Act is amended to read

<sup>25</sup> as follows:

1	"(1) written request, signed by such individual, ex-
2	cept in cases in which the Secretary finds it impracticable
3	for the individual to do so, is filed for such payment in
4	such form, in such manner and by such person or persons
5	as the Secretary may by regulation prescribe, no later
6	than the close of the period of 3 calendar years following
7	the year in which such services are furnished (deeming
8	any services furnished in the last 3 calendar months of
9	any calendar year to have been furnished in the succeed-
10	ing calendar year) except that where the Secretary deems
11	that efficient administration so requires, such period may
12	be reduced to not less than 1 calendar year; and"
13	(g) The provisions of subsections (a), (b), (c), and (d)
14	of this section shall apply in the case of notices of payment sent
15	to individuals after 1968. The provisions of subsections (e)
16	and (f) shall apply in the case of requests for payment filed
17	after December 31, 1971.
18	(279) PROVIDE FOR 75 PERCENT MATCHING UNDER
19	MEDICAID OF EXPENDITURES FOR PROFESSIONAL RE-
20	VIEW OF SKILLED NURSING HOMES AND INTERMEDI-
21	ATE CARE FACILITIES
22	SEC. 283. Section 1903(a)(2) of the Social Security Act
23	is amended—
24	(1) by inserting " $(A)$ " immediately after "attribut-

able to", and

(2) by inserting immediately before "; plus" the following: "and (B) payment for professional review activities, performed by skilled professional medical personnel and staff directly supporting such personnel pursuant to section 1902(a) (26) and (33), regardless of whether such activities are performed by State agency personnel or by others under an arrangement with such agency".

## (280) TITLE III—PROVISIONS RELATING TO

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GUARANTEED MINIMUM INCOME FOR RECIPIENTS OF OLD-AGE ASSISTANCE, AID TO THE BLIND, AID TO THE DISABLED, OR AID TO THE AGED, BLIND, OR DISABLED SEC. 301. (a) Section 2(a) (10) (A) of the Social Security Act is amended by inserting after the semicolon at the end thereof "and except that, in the case of any State (other than the Commonwealth of Puerto Rico, Guam, or the Virgin Islands), the sum of the financial assistance provided to each individual who is eligible under the plan (other than one who is a patient in a medical institution or is receiving institutional services in an intermediate care facility to which section 1121 applies), plus his income which is not disregarded pursuant 22 to clause (i) or (ii) and the reasonable value of shelter and 23 other needed items which are regularly provided to such indi-24 vidual (to the extent they are provided without cost), shall not

- 1 be less than \$130 per month (or in the case of two or more
- 2 such eligible individuals who are, as determined in accordance
- 3 with regulations of the Secretary, members of the same house-
- 4 hold, \$130 per month plus \$70 per month for each of such
- 5 individuals in addition to one); ".
- 6 (b) Section 1002(a)(8) of such Act is amended by in-
- 7 serting before the semicolon at the end thereof ", and except
- 8 that, in the case of any State (other than the Commonwealth
- 9 of Puerto Rico, Guam, or the Virgin Islands), the sum of the
- 10 financial assistance provided to each individual who is eligible
- 11 under the plan (other than one who is a patient in a medical
- 12 institution or is receiving institutional services in an inter-
- 13 mediate care facility to which section 1121 applies), plus his
- 14 income which is not disregarded pursuant to clause (A), (B),
- 15 or (C) and the reasonable value of shelter and other needed
- 16 items which are regularly provided to such individual (to the
- 17 extent they are provided without cost), shall not be less than
- 18 \$130 per month (or in the case of two or more such eligible
- 19 individuals who are, as determined in accordance with regu-
- 20 lations of the Secretary, members of the same household, \$130
- 21 per month plus \$70 per month for each of such individuals in
- 22 addition to one); ".
- 23 (c) Section 1402(a)(8) of such Act is amended by in-
- 24 serting before the semicolon at the end thereof ", and except
- 25 that, in the case of any State (other than the Commonwealth

of Puerto Rico, Guam, or the Virgin Islands), the sum of 1 the financial assistance provided to each individual who is 2 eligible under the plan (other than one who is a patient in a 3 medical institution or is receiving institutional services in an 4 intermediate care facility to which section 1121 applies), 5 plus his income which is not disregarded pursuant to clause 6 (A), (B), or (C) and the reasonable value of shelter and 7 8 other needed items which are regularly provided to such individual (to the extent they are provided without cost), shall 9 not be less than \$130 per month (or in the case of two or 10 more such eligible individuals who are, as determined in ac-11

15 (d) Section 1602(a)(14) of such Act is amended by 16 inserting after and below clause (D) the following:

of such individuals in addition to one);".

cordance with regulations of the Secretary, members of the

same household, \$130 per month plus \$70 per month for each

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"and except that, in the case of any State (other than the 17 Commonwealth of Puerto Rico, Guam, or the Virgin Is-18 lands), the sum of the financial assistance provided to 19 each individual who is eligible under the plan (other than 20 one who is a patient in a medical institution or is receiv-21 ing institutional services in an intermediate care facility 22 to which section 1121 applies), plus his income which is 23 not disregarded pursuant to clause (A), (B), (C), or 24 (D) and the reasonable value of shelter and other needed 25 items which are regularly provided to such individual (to 26

1	the	extent	they	are	provided	without	cost),	shall	not	be

- 2 less than \$130 per month (or in the case of two or more
- 3 such eligible individuals who are, as determined in ac-
- 4 cordance with regulations of the Secretary, members of
- 5 the same household, \$130 per month plus \$70 per month
- for each of such individuals in addition to one);".
- 7 (e) The amendments made by the preceding subsections
- 8 of this section shall apply with respect to expenditures under a
- 9 State plan approved under title I, X, XIV, or XVI, of
- 10 the Social Security Act made for aid or assistance under such
- 11 plan for periods after March 1971.
- 12 (f) Any individual with respect to whom old-age assist-
- 13 ance, aid to the blind, aid to the disabled, or aid to the aged,
- 14 blind, or disabled is paid under such a State plan shall not
- 15 be eligible to participate in the food stamp program conducted
- 16 under the Food Stamp Act of 1964 or the program conducted
- 17 under section 416 of the Act of October 31, 1969, or any
- 18 similar programs for distribution of surplus agricultural
- 19 commodities effective April 1, 1971.
- 20 INCREASE IN STANDARD OF NEED FOR AGED, BLIND,
- 21 AND DISABLED RECIPIENTS
- SEC. 302. Title XI of the Social Security Act is
- 23 amended by adding after section 1125 (as added by section
- 24 266 of this Act) and before section 1151 (as added by sec-
- 25 tion 245 of this Act) the following new section:

1	"INCREASING STANDARD OF NEED UNDER ASSISTANCE
2	PROGRAMS
3	"Sec. 1126. In addition to the requirements imposed
4	by law as a condition of approval of a State plan of any
5	State (other than the Commonwealth of Puerto Rico, Guam,
6	or the Virgin Islands) to provide aid or assistance to indi-
7	viduals under title I, X, XIV, or XVI of the Social Security
8	Act, there is hereby imposed the requirement (and the plan
9	shall be deemed to require) that, in the case of an individual
0	found eligible (as a result of the requirement imposed by
1	this section or otherwise), for aid or assistance for any month
12	after March 1971—
13	"(1) the total of the amounts used to determine the
.4	needs of such individual shall be at least \$10 higher than
15	the total thereof which would have been used to deter-
16	mine needs of such individual under the State plan as in
17	effect for March 1971, or
18	"(2) in the case of two or more such individuals
19	who are, as determined in accordance with regulations
20	of the Secretary, members of the same household, the
21	sum of such totals used for such month after March
22	1971 shall exceed such total for March 1971 by the sum
23	of \$10 plus \$5 for each such individual in excess of one
24	except that, in the case of any such State plan which
25	provides for meeting a fixed percentage of unmet needs as so

1	determined, the Secretary shall prescribe the method or
2	methods for achieving as much as possible the results pro-
3	vided for under the preceding provisions of this section."
4	UNIFORM DEFINITIONS OF DISABILITY UNDER TITLES
5	XIV AND XVI
6	SEC. 303 (a)(1) Title XIV of the Social Security Act
7	is amended by striking out the term "permanently and
8	totally disabled" wherever it appears in such title and insert-
9	ing in lieu thereof "disabled".
10	(2) Section 1405 of such Act is amended by—
11	(A) striking out, in the caption, "Definition", and
12	inserting "Definitions";
13	(B) striking out "Sec. 1405." and inserting "Sec.
14	1405. (a)"; and
15	(C) inserting after such subsection (a) the follow-
16	ing new subsection:
17	"(b) For purposes of this title an individual is 'dis-
18	abled' only if he is under a disability. The term 'disability'
19	means inability to engage in any substantial gainful activity
20	by reason of any medically determinable physical or mental
21	impairment which can be expected to result in death or which
22	has lasted or can be expected to last for a continuous period
23	of not less than 12 months. An individual shall be determined
24	to be under a disability only if his physical or mental impair-
25	ment or impairments are of such severity that he is not only

- 1 unable to do his previous work but cannot, considering his
- 2 age, education, and work experience, engage in any other
- 3 kind of substantial gainful work which exists in the national
- 4 economy, regardless of whether such work exists in the imme-
- 5 diate area in which he lives, or whether a specific job vacancy
- 6 exists for him, or whether he would be hired if he applied
- 7 for work. For purposes of the preceding sentence (with re-
- 8 spect to any individual), 'work which exists in the national
- 9 economy' means work which exists in significant numbers
- 10 either in the region where such individual lives or in several
- 11 regions of the country."
- 12 (b)(1) Title XVI of such Act is amended by striking
- 13 out the term "permanently and totally disabled" wherever
- 14 it appears in such title and inserting in lieu thereof "dis-
- 15 abled".
- 16 (2) Section 1605 of such Act is amended by adding at
- 17 the end thereof the following new subsection:
- 18 "(c) For purposes of this title an individual is 'dis-
- 19 abled' only if he is under a disability. The term 'disability'
- 20 means inability to engage in any substantial gainful activity
- 21 by reason of any medically determinable physical or mental
- 22 impairment which can be expected to result in death or which
- 23 has lasted or can be expected to last for a continuous period
- 24 of not less than 12 months. An individual shall be determined
- 25 to be under a disability only if his physical or mental impair-

1	ment or impairments are of such severity that he is not only
2	unable to do his previous work but cannot, considering his
3	age, education, and work experience, engage in any other
4	kind of substantial gainful work which exists in the national
5	economy, regardless of whether such work exists in the imme-
6	diate area in which he lives, or whether a specific job vacancy
7	exists for him, or whether he would be hired if he applied
8	for work. For purposes of the preceding sentence (with re-
9	spect to any individual), 'work which exists in the national
10	economy' means work which exists in significant numbers
11	either in the region where such individual lives or in severa
12	regions of the country."
13	(c)(1) No State plan for aid to the disabled shall be
14	regarded as having failed to comply with the requirements of
15	title XIV of the Social Security Act by reason of the fact that
16	such plan provides aid to individuals who do not meet the
17	definition of "disabled" (as contained in section 1405(b) of
18	such Act) if such individuals are individuals who—
19	(A) were receiving aid under such plan for the
20	month before the month in which the term "disabled" (as
21	contained in such section 1405(b)) is first put into effect
22	in the administration of such plan; and
23	(B) would be regarded as disabled, for purposes of
24	the administration of such plan, if the term "disabled"

- 1 (as contained in such section 1405(b)) had not been put
- 2 into effect in the administration of such plan.
- 3 (2) No State plan for aid to the aged, blind, or disabled
- 4 shall be regarded as having failed to comply with the require-
- 5 ments of title XVI of the Social Security Act by reason of
- 6 the fact that such plan provides aid to individuals who do not
- 7 meet the definition of "disabled" (as contained in section 1605
- 8 (c) of such Act) if such individuals are individuals who—
- 9 (A) were receiving aid under such plan for the
- month before the month in which the term "disabled" (as
- 11 contained in such section 1605(c)) is first put into effect
- in the administration of such plan; and
- 13 (B) would be regarded as disabled, for purposes of
- the administration of such plan, if the term "disabled" (as
- 15 contained in such section 1605(c)) had not been put
- into effect in the administration of such plan.
- 17 (d)(1) Sections 1121(a), 1901, 1902(a)(17)(D).
- 18 and 1902(a)(18) of the Social Security Act are amended
- 19 by striking out "permanently and totally disabled" wherever
- 20 it appears and inserting in lieu thereof "disabled".
- 21 (2) Section 1905(a)(v) of such Act is amended by
- 22 striking out "permanently and totally disabled" and inserting
- 23 in lieu thereof "disabled (as defined in section 1405(b))".
- 24 (e) The amendments made by this section shall take
- <sup>25</sup> effect April 1, 1971.

1	UNIFORM DEFINITIONS OF BLINDNESS UNDER TITLES
2	X AND XVI
3	SEc. 304. (a) Section 1006 of the Social Security Ac
4	is amended (1) by inserting "(a)" immediately after "SEC
5	1006.", and (2) by adding at the end thereof the follow
6	ing new subsection:
7	"(b)(1) For purposes of this title, an individual sha
8	be considered to be blind only if he suffers from blindness
9	(as defined in paragraph (2)).
10	"(2) The term 'blindness' means central visual acuit
11	of 20/200 or less in the better eye, with the use of correctin
12	lens. An eye which is accompanied by a limitation in the
13	fields of vision such that the widest diameter of the visuo
14	field subtends an angle no greater than 20 degrees shall be
15	considered for purposes of this paragraph as having a centre
16	visual acuity of 20/200 or less."
17	(b) Section 1605 of such Act (as amended by section
18	503(b) of this Act) is further amended by adding at the
19	end thereof the following new subsection:
20	"(d)(1) For purposes of this title, an individual sha
21	be considered to be blind only if he suffers from blindness
22	(as defined in paragraph (2)).
23	"(2) The term 'blindness' means central visual acuity of
24	20/200 or less in the better eye with the use of correcting

lens. An eye which is accompanied by a limitation in the

- 1 fields of vision such that the widest diameter of the visual
- 2 field subtends an angle no greater than 20 degrees shall be
- 3 considered for purposes of this paragraph as having a central
- 4 visual acuity of 20/200 or less."
- 5 (c)(1) No State plan for aid to the blind shall be re-
- 6 garded as having failed to comply with the requirements of
- 7 title X of the Social Security Act by reason of the fact that
- 8 such plan provides aid to individuals who do not meet the
- 9 definition of blindness (as contained in section 1006(b) of
- 10 such Act) if such individuals are individuals who—
- (A) were receiving aid under such plan for the
- month before the month in which the term blindness (as
- contained in such section 1006(b)) is first put into effect
- in the administration of such plan; and
- 15 (B) would be regarded as blind, for purposes of the
- administration of such plan, if the term blindness (as
- 17 contained in such section 1006(b)) had not been put
- into effect in the administration of such plan.
- 19 (2) No State plan for aid to the aged, blind, or disabled
- 20 shall be regarded as having failed to comply with the require-
- 21 ments of title XVI of the Social Security Act by reason of
- 22 the fact that such plan provides aid to individuals who do
- 23 not meet the definition of blindness (as contained in section
- 24 1605(d) of such Act) if such individuals are individuals
- -- 1005(a) of such Aci) if such thatolauds are thatolaud

1	(A) were receiving aid under such plan for the
2	month before the month in which the term blindness (as
3	contained in such section 1605(d)) is first put into effect
4	in the administration of such plan; and
5	(B) would be regarded as blind, for purposes of the
6	administration of such plan, if the term blindness (as
7	contained in such section 1605(d)) had not been put into
8	effect in the administration of such plan.
9	(d) The amendments made by this section shall take effect
<b>1</b> 0	April 1, 1971.
11	PROHIBITION AGAINST IMPOSING LIENS ON
12	PROPERTY OF THE BLIND
<b>1</b> 3	Sec. 305. (a) Section 1002(a) of the Social Security
14	Act is amended by striking out "and" at the end of clause
<b>1</b> 5	(12), and by inserting before the period at the end thereof
16	the following: "; and (14) provide that no individual claim-
17	ing aid to the blind shall be required as a condition of such
18	aid to subject any property to a lien or to transfer to the
19	State or to any of its political subdivisions title to or any
20	interest in any property, and that no person shall be required
21	to reimburse the State or any of its political subdivisions for
22	any aid lawfully received by a blind individual under the
23	State plan."
24	(b) Section 1602(a) of the Social Security Act is
25	amended by striking out "and" at the end of paragraph

- 1 (16), by striking out the period at the end of paragraph
- 2 (17) and inserting in lieu thereof "; and", and by adding
- 3 immediately after paragraph (17) the following new
- 4 paragraph:
- 5 "(18) provide that no blind individual claiming aid
- 6 under the plan shall be required as a condition thereof
- 7 to subject any property to a lien or to transfer to the State
- 8 or to any of its political subdivisions title to or any interest
- 9 in any property, and that no person shall be required to
- 10 reimburse the State or any of its political subdivisions for
- any aid or assistance lawfully received by a blind indi-
- 12 vidual under the State plan."
- 13 (c) The amendments made by this section shall be effec-
- 14 tive April 1, 1971.
- 15 FISCAL RELIEF FOR STATES
- 16 SEC. 306. Title XI of the Social Security Act is
- 17 amended by adding after section 1126 (as added by section
- 18 502 of this Act) the following new section:
- 19 "FISCAL RELIEF FOR STATES
- 20 "Sec. 1127. (a) The Secretary shall pay to any State
- 21 (other than the Commonwealth of Puerto Rico, Guam, or
- 22 the Virgin Islands) which has a State plan approved under
- 23 title I, X, XIV, or XVI of the Social Security Act, for each
- 24 quarter beginning after March 1971, in addition to the

- 1 amounts otherwise payable to such State under such title, an
- 2 amount equal to the excess if any of-
- 3 "(1) the non-Federal share of (A) the expendi-
- 4 tures, under the State plan approved under such title, as
- 5 cash assistance which would be made under such plan
- 6 as in effect for December 1970, and (B) so much of the
- 7 rest of such expenditures made under such plan as are
- 8 required (as determined by the Secretary) by reason of
- 9 the amendments made by the Social Security Amend-
- 10 ments of 1970, over
- "(2) 90 per centum of the non-Federal share of the
- total average quarterly expenditures, under such plan, as
- cash assistance during the 4-quarter period ending
- 14 December 31, 1970.
- 15 "(b) For purposes of subsection (a), the non-Federal
- 16 share of expenditures for any quarter under a State plan
- 17 approved under title I, X, XIV, or XVI of the Social
- 18 Security Act as cash assistance, referred to in subsection
- 19 (a) (1), means the difference between (A) the total expendi-
- 20 tures for such quarter under such plan as, respectively, old-
- 21 age assistance, aid to the blind, aid to the disabled, and aid
- 22 to the aged, blind, or disabled, and (B) the amounts deter-
- 23 mined for such quarter for such State with respect to such
- 24 expenditures under, respectively, sections 3, 1003, 1403, and
- 25 1603 of such Act and (in the case of the plan approved)

- 1 under title I or X) under section 9 of the Act of April 19,
- 2 1950.
- 3 "(c) The Secretary shall pay to each State which has a
- 4 plan approved under title I, X, XIV, XVI, or XIX, or part
- 5 A of title IV, of the Social Security Act, for each quarter
- 6 beginning after March 1971, an amount equal to the excess
- 7 of-
- 8 "(1) the total expenditures, under the State plan ap-
- 9 proved under such title or part, as aid or assistance with
- 10 respect to Indians, Aleuts, Eskimos, or other aboriginal
- 11 persons, over
- 12 "(2) the amounts otherwise payable to such State
- under such title or part and under section 9 of the Act
- of April 19, 1950 as the Federal share of such aid or as-
- 15 sistance to such persons."
- 16 AMENDMENTS TO IMPROVE THE WORK INCENTIVE PRO-
- 17 GRAM ESTABLISHED UNDER PART C OF TITLE IV OF
- 18 THE SOCIAL SECURITY ACT
- 19 Sec. 320. (a) (1) Section 402(a) (15) of the Social
- 20 Security Act is amended to read as follows:
- 21 "(15) provide (A) for the development of a pro-
- 22 gram, for each appropriate relative and dependent child
- 23 receiving aid under the plan and for each appropriate
- 24 individual (living in the same home as a relative and
- 25 child receiving such aid) whose needs are taken into

account in making the determination under clause (7), 1 for preventing or reducing the incidence of births out of 2 wedlock and otherwise strengthening family life, and for 3 implementing such program by assuring that in all ap-4 propriate cases family planning services are offered to 5 6 them, but acceptance of family planning services provided under the plan shall be voluntary on the part of 7 8 such members and individuals and shall not be a prerequisite to eligibility for or the receipt of any other 9 service under the plan; and (B) to the extent that serv-10 ices provided under this clause or clause (14) are fur-11 12 nished by the staff of the State agency or the local agency 13 administering the State plan in each of the political subdivisions of the State, for the establishment of a single 14 15 organizational unit in such State or local agency, as the case may be, responsible for the furnishing of such 16 services;". 17

18 (2) Section 402(a)(19)(A) of such Act is amended 19 to read as follows:

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"(A) effective July 1, 1971, provide that every individual, as a condition of eligibility for aid under this part, shall register for manpower services, training, and employment as provided by regulations of the Secretary of Labor, unless such individual is—

1	"(i) a child who is under age 16 or attending
2	school full time;
3	"(ii) a person who is ill, incapacitated, or of
4	advanced age;
5	"(iii) a person so remote from a work incentive
6	project that his effective participation is precluded;
7	"(iv) a person whose presence in the home is
8	required because of illness or incapacity of another
9	member of the household; or
0	"(v) a mother or other relative of a child un-
1	der the age of six who is caring for the child;
2	and that any individual referred to in clause (v) shall be
3	advised of her option to register, if she so desires, pursuant
4	to this paragraph, and shall be informed of the child
5	care services (if any) which will be available to her in
6	the event she should decide so to register;".
7	(3) Section 402(a)(19)(C) of such Act is amended
.8	effective July 1, 1971, by striking out "20 per centum" and
9	inserting in lieu thereof "10 per centum".
20	(4) Section 402(a)(19)(D) of such Act is amended
1	effective July 1, 1971, to read as follows:
22	"(D) that training incentives and other allow-
23	anage authorized under section 124 shall be dis-

1	regarded in determining the needs of an individual
2	under section 402(a)(7);".
3	(5) Section 402(a)(19) of such Act is further amended
4	by striking out subparagraph (E).
5	(6) The parenthetical clause in section 402(a)(19)(F)
6	of such Act is amended by striking out "pursuant to subpara-
7	graph (A) (i) and (ii) and section 407(b)(2)" and in-
8	serting in lieu thereof "pursuant to subparagraph" (G)".
9	(7) Section 402(a)(19) of such Act is amended by
10	adding at the end thereof the following new subparagraph:
11	"(G) that the State agency, effective July
12	1, 1971, will have in effect a special program
13	which (i) will be administered by a separate
14	administrative unit and the employees of which
15	will, to the maximum extent feasible, perform
16	services only in connection with the administration
17	of such program, (ii) will provide (through ar-
18	rangements with others or otherwise) for individuals
19	who have been registered pursuant to subparagraph
20	(A), in accordance with the order of priority listed
21	in section 433(a), such health, vocational rehabilita-
22	tion, counseling, child care (through utilization of
23	the services of the Federal Child Care Corporation,
24	or otherwise), and other social and supportive serv-
25	ices as are necessary to enable such individuals to

accept employment or receive manpower training 1 2 provided under part C, and will, when such indi-3 viduals are prepared to accept employment or receive manpower training, refer such individuals to 4 5 the Secretary of Labor for employment or training 6 under part C, and (iii) will participate in the devel-7 opment of operational and employability plans un-8 der section 433(b); if more than one kind of child 9 care is available, the mother may choose the type, 10 but she may not refuse to accept child services if 11 they are available;".

- 12 (8) Section 403 of such Act is amended by adding at the 13 end thereof the following new subsection:
- "(e) Notwithstanding any other provision of this Act, 14 15 the Federal share of assistance payments under this part 16 shall be reduced with respect to any State for any fiscal year 17 by one percentage point for each percentage point by which 18 the number of individuals referred, under the program of 19 such State established pursuant to section 402(a)(19)(G), 20 to the local employment office of the State as being ready for 21 employment is less than 15 per centum of the average number 22 of individuals in such State who, during such year, are required to be registered pursuant to section 402(a)(19)(A)." 23
- 24 (9) Section 403 of such Act is amended by adding after

25 subsection (e) the following new subsection:

1	"(f) Notwithstanding subparagraph (A) of subsection
2	(a)(3) the rate specified in such subparagraph shall be—
3	"(1) 100 per centum (rather than 75 per centum)
4	with respect to family planning services provided pur-
5	suant to clause (15) of section 402(a),
6	"(2) 90 per centum (rather than 75 per centum)
7	with respect to child care services provided pursuant to
8	clause (14) of section 402(a) or section 402(a) (19)
9	(G) but only, in the case of any quarter, if the total
10	amount of non-Federal expenditures during such quarter
11	under the State plan for child care services is not less
12	than the amount of the average quarterly amount of non-
13	Federal expenditures under such plan for child care
<b>L4</b>	services for the 4-quarter period ending December 31
15	1970; except that the Secretary is authorized, for a
16	temporary period of not to exceed 6 months, to increase
17	such rate to 100 per centum in a political subdivision
18	of a State or portion thereof if and only if he determines
19	that such services would not be made available during
20	such period in the absence of such increased rate of
21	payment, and
22	"(3) 90 per centum (rather than 75 per centum)
23	with respect to social and supportive services (other than
24	family planning services and child care services) pro-
25	vided pursuant to section 402(a)(19)(G)."

- 1 (b) (1) The first sentence of section 430 of the Social
- 2 Security Act is amended by striking out "special work
- 3 projects" and inserting in lieu thereof "public service
- 4 employment".
- 5 (2) Section 431 of such Act is amended (1) by inserting
- 6 "(a)" immediately after "SEC. 431.", and (2) by adding at
- 7 the end thereof the following new subsections:
- 8 "(b) Of the amounts expended from funds appropriated
- 9 pursuant to subsection (a) for any fiscal year (commencing
- 10 with the fiscal year ending June 30, 1972), not less than 40
- 11 per centum thereof shall be expended for carrying out the
- 12 program of on-the-job training referred to in section 432
- 13 (b)(1)(B) and for carrying out the program of public
- 14 service employment referred to in section 432(b)(3).
- 15 "(c)(1) For the purpose of carrying out the provisions
- 16 of this part in any State for any fiscal year (commencing
- 17 with the fiscal year ending June 30, 1972), there shall be
- 18 available (from the sums appropriated pursuant to subsec-
- 19 tion (a) for such fiscal year) for expenditure in such State
- 20 an amount equal to the allotment of such State for such year
- 21 (as determined pursuant to paragraph (2) of this subsection).
- 22 "(2) Sums appropriated pursuant to subsection (a) for
- 23 the fiscal year ending June 30, 1972, or for any fiscal year
- 24 thereafter, shall be allotted among the States as follows:

1	Each State shall be allotted from such sums an amount which
2	bears the same ratio to the total of such sums as—
3	" " (A) in the case of the fiscal year ending June 30,
4	1972, the average number of recipients of aid to families
5	with dependent children in such State during the month
6	of January last preceding the commencement of such
7.	fiscal year bears to the average number of such recipi-
8	ents during such month in all the States; and
9	"(B) in the case of the fiscal year ending June
10	30, 1973, or in the case of any fiscal year thereafter,
11	the average number of individuals in such State who,
12	during the month of January last preceding the com-
13	mencement of such fiscal year, are registered pursuant
14	to section 402(a)(19)(A) bears to the average number
15	of individuals in all States who, during such month, are
16	so registered."
17	(3)(A)(i) Clause (1) of section 432(b) of such Act
18	is amended—
19	(I) by inserting " $(A)$ " immediately after " $(1)$ ";
20	and
21	(II) by striking out "and utilizing" and inserting
22	in lieu thereof "and (B) a program utilizing".
23	(ii) Clause (3) of section 432(b) of such Act is amended
24	by striking out "special work projects" and inserting in lieu
25	thereof "public service employment".

- 1 (B) Section 432(d) of such Act is amended to read as
- 2 follows:
- 3 "(d) In providing the manpower training and employ-
- 4 ment services and opportunities required by this part, the
- 5 Secretary of Labor shall, to the maximum extent feasible,
- 6 assure that such services and opportunities are provided by
- 7 using all authority available to him under this or any other
- 8 Act. In order to assure that the services and opportunities so
- 9 required are provided, the Secretary of Labor shall use the
- 10 funds appropriated to him under this part to provide pro-
- 11 grams required by this part through such other Act, to the
- 12 same extent and under the same conditions (except as regards
- 13 the Federal matching percentage) as if appropriated under
- 14 such other Act and, in making use of the programs of other
- 15 Federal, State, or local agencies (public or private), the Sec-
- 16 retary of Labor may reimburse such agencies for services
- 17 rendered to persons under this part to the extent such services
- 18 and opportunities are not otherwise available on a non-
- 19 reimbursable basis."
- 20 (C) Section 432 of such Act is further amended by add-
- 21 ing at the end thereof the following new subsection:
- 22 "(f)(1) The Secretary of Labor shall establish in each
- 23 State, municipality, or other appropriate geographic area
- 24 with a significant number of persons registered pursuant to
- 25 section 402(a)(19)(A) a Labor Market Advisory Council

1	the function of which will be to identify and advise the Sec-
2	retary of the types of jobs available or likely to become avail-
3	able in the area served by the Council; except that if there
4	is already located in any area an appropriate body to per-
5	form such function, the Secretary may designate such body
6	as the Labor Market Advisory Council for such area.
7	"(2) Any such Council shall include representatives of
8	industry, labor, and public service employers from the area
9	to be served by the Council.
10	"(3) The Secretary shall not conduct, in any area,
11	institutional training under any program established pur-
12	suant to subsection (b) of any type which is not related to
13	jobs of the type which are or are likely to become available
14	in such area as determined by the Secretary after taking
15	into account information provided by the Labor Market
16	Advisory Council for such area."
17	(4)(A) Section 433(a) of such Act is amended—
18	(i) by striking out "section 402" and inserting in
19	lieu thereof "section 402(a)(19)(G)"; and
20	(ii) by adding at the end thereof the following new
21	sentence: "The Secretary, in carrying out such program
22	for individuals so referred to him by a State, shall accord
23	priority to such individuals in the following order, taking
24	into account employability potential: first, unemployed
25	fathers; second, dependent children and relatives who

- 1 have attained age 16 and who are not in school, or
- 2 engaged in work or manpower training; third, mothers,
- 3 whether or not required to register pursuant to section
- 4 402(a)(19)(A), who volunteer for participation under
- 5 a work incentive program; fourth, all other individuals
- 6 so referred to him."
- 7 (B) Section 433(b) of such Act is amended to read as
- 8 follows:
- 9 "(b)(1) For each State the Secretary shall develop
- 10 jointly with the administrative unit of such State administer-
- 11 ing the special program referred to in section 402(a)(19)
- 12 (G) a statewide operational plan.
- 13 "(2) The statewide operational plan shall prescribe how
- 14 the work incentive program established by this part will be
- 15 operated at the local level, and shall indicate (i) for each
- 16 area within the State the number and type of positions which
- 17 will be provided for training, for on-the-job training, and for
- 18 public service employment, (ii) the manner in which informa-
- 19 tion provided by the Labor Market Advisory Council (estab-
- 20 lished pursuant to section 432(f)) for any such area will be
- 21 utilized in the operation of such program, and (iii) the par-
- 22 ticular State agency or administrative unit thereof which will
- 23 be responsible for each of the various activities and functions
- 24 to be performed under such program. Any such operational
- 25 plan for any State must be approved by the Secretary, the

- 1 administrative unit of such State administering the special
- 2 program referred to in section 402(a)(19)(G), and the
- 3 regional joint committee (established pursuant to section 439)
- 4 for the area in which such State is located.
- 5 "(3) In carrying out any such statewide operational
- 6 plan of any State, there shall be developed jointly by the
- 7 Secretary and the administrative unit of the State adminis-
- 8 tering the special program referred to in section 402(a)(19)
- 9 (G) in each area of the State an employability plan for
- 10 each individual residing in such area who is participating in
- 11 the work incentive program established by this part. Such
- 12 employability plan for any such individual shall (i) con-
- 13 form with the statewide operational plan of such State, (ii)
- 14 provide that the separate administrative unit referred to in
- 15 section 402(a) (19) (G) (ii) will provide the services referred
- 16 to in section 402(a)(19)(G) (ii), and (iii) provide that
- 17 the Secretary shall be responsible for providing the training,
- 18 placement, and related services authorized under this part."
- 19 (C)(i) Section 433(e)(1) of such Act is amended by
- 20 striking out "special work projects" and inserting in lieu
- 21 thereof "public service employment".
- 22 (ii) Section 433(e)(2)(A) of such Act is amended
- 23 by striking out "a portion" and inserting in lieu thereof
- 24 "100 per centum (in the case of the first year that such
- 25 agreement is in effect, if such agreement is in effect at least

- 1 three years) and 90 per centum (if such agreement is in
- 2 effect less than three years; or, if such agreement is in effect at
- 3 least three years, in the case of any year after the first year
- 4 that such agreement is in effect)".
- 5 (iii) Section 433(e)(2)(B) of such Act is amended
- 6 by striking out "on special work projects of" and inserting
- 7 in lieu thereof "in public service employment for".
- 8 (iv) Section 433(e)(3) of such Act is hereby repealed.
- 9 (D) Section 433(f) of such Act is amended by striking
- 10 out "any of the programs established by this part" and in-
- 11 serting in lieu thereof "section 432(b)(3)".
- 12 (E) Section 433(g) of such Act is amended by striking
- 13 out "section 402(a)(19)(A) (i) and (ii)" and inserting
- 14 in lieu thereof "section 402(a)(19)(G)".
- 15 (F) Section 433(h) of such Act is amended by striking
- 16 out "special work projects" and inserting in lieu thereof
- 17 "public service employment".
- 18 (G) Section 434 of such Act is amended—
- (i) by inserting "(a)" immediately after "SEC.
- 20 434."; and
- 21 (ii) by adding at the end thereof the following new
- 22 subsection:
- 23 "(b) The Secretary of Labor is also authorized to pay,
- 24 to any member of a family participating in manpower train-

- 1 ing under this part, allowances for transportation and other
- 2 costs incurred by such member, to the extent such costs are
- 3 necessary to and directly relating to the participation by such
- 4 member in such training."
- 5 (5)(A) Section 435(a) of such Act is amended, effective
- 6 July 1, 1971, by striking out "80 per centum" and inserting
- 7 in lieu thereof "90 per centum".
- 8 (B) Section 435(b) of such Act is amended by striking
- 9 out "; except that with respect to special work projects under
- 10 the program established by section 432(b)(3), the costs of
- 11 carrying out this part shall include only the costs of admin-
- 12 istration".
- 13 (6) Section 436(b) of such Act is amended by striking
- 14 out "by the Secretary after consultation with" and insert-
- ing in lieu thereof "jointly by him and".
- 16 (7) Section 437 of such Act is amended to read as
- 17 follows:
- 18 "Sec. 437. The Secretary is authorized to provide to an
- 19 individual who is registered pursuant to section 402(a)(19)
- <sup>20</sup> (A) and who is unemployed relocation assistance (including
- 21 grants, loans, and the furnishing of such services as will aid
- 22 an involuntarily unemployed individual who desires to re-
- 23 locate to do so in an area where there is assurance of regular
- <sup>24</sup> suitable employment, offered through the public employment
- 25 offices of the State in such area, which will lead to the earning

	300
1	of income sufficient to make such individual and his family
2	ineligible for benefits under part A)."
3	(8) Section 438 of such Act is amended by striking out
4	"projects under".
5	(9) Section 439 of such Act is amended to read as
6	follows:

- 7 "Sec. 439. The Secretary and the Secretary of Health,
- 8 Education, and Welfare shall, not later than six months after
- 9 the date of enactment of the Social Security Amendments of
- 10 1970, issue regulations to carry out the purposes of this part,
- 11 as amended by the Social Security Amendments of 1970.
- 12 Such regulations shall provide for the establishment, jointly
- 13 by the Secretary and the Secretary of Health, Education,
- 14 and Welfare, of (1) a national coordination committee the
- 15 duty of which shall be to establish uniform reporting and
- 16 similar requirements for the administration of this part, and
- 17 (2) a regional coordination committee for each region which
- 18 shall be responsible for review and approval of statewide
- 19 operational plans developed pursuant to section 433(b)."
- 20 (10) Section 441 of such Act is amended—
- 21 (A) by inserting "(a)" immediately after "SEC.
- 22 441.";
- 23 (B) by adding immediately after the last sentence thereof the following sentence: "Nothing in this section 24 25 shall be construed as authorizing the Secretary to enter

1	into any contract with any organization after June 1,
2	1970, for the dissemination by such organization of infor-
3	mation about programs authorized to be carried on under
4	this part."; and
5	(C) by adding after and below such section the fol-
6	lowing new subsection:
7	"(b) The Secretary shall collect and publish monthly, by
8	State, by age group, and by sex, the following information
9	with respect to individuals registered pursuant to section 402
10	(a)(19)(A)—
11	"(1) the number of individuals so registered, the
12	number of individuals receiving each particular type
13	of work training services, and the number of individuals
14	receiving no such services;
15	"(2) the number of individuals placed in jobs by
16	the Secretary under section 432(b)(1)(A), and the
17	average wages of the individuals so placed;
18	"(3) the number of individuals who begin but fail
19	to complete training, and the reasons for the failure of
20	such individuals to complete training; and the number of
21	individuals who register voluntarily but do not receive
22	training or placement;
23	"(4) the number of individuals who obtain employ-
24	ment following the completion of training, and the num-

1	ber of such individuals whose employment is in fields
2	related to the particular type of training received;
3	"(5) of the individuals who obtain employment fol-
4	lowing the completion of training, the average wages of
5	such individuals, and the number retaining such employ-
6	ment three months, six months, and twelve months, fol-
7	lowing the date of completion of such training;
8	"(6) the number of individuals in public service
9	employment, by type of employment, and the average
.0	wages of such individuals; and
.1	"(7) the amount of savings, under Part A of this
2	title, realized by reason of the operation of each of the
.3	programs established pursuant to this part."
4	(11) Section 442 of such Act is amended to read as
5	follows:
6	"TECHNICAL ASSISTANCE FOR PROVIDERS OF EMPLOYMENT
7	OR TRAINING
.8	"Sec. 442. The Secretary is authorized to provide tech-
9	nical assistance to providers of employment or training to
0	enable them to participate in the establishment and operation
1	of programs authorized to be established by section 432(b)."
22	(12) Section 443 of such Act is amended by striking out
23	"20 per centum" wherever it appears therein and inserting
24	in lieu thereof "10 per centum".

- 1 (13) (A) Section 444(c)(1) of such Act is amended
- 2 by striking out "section 402(a)(16) and section 402(a)
- 3 (19)(F)" and inserting in lieu thereof "section 402(a)
- 4 (19)".
- 5 (B) Section 444(d) of such Act is amended (i) by
- 6 striking out "a special work project" and inserting in lieu
- 7 thereof "public service employment"; (ii) by striking out
- 8 "project" at the end of the first sentence and inserting in lieu
- 9 thereof "employment"; and (iii) by striking out "402(a)
- 10 (15)" and inserting in lieu thereof "402(a)(19)".
- 11 (14)(A) Section 402(a)(8)(A)(ii) of the Social
- 12 Security Act is amended by striking out everything that fol-
- 13 lows "determination," and inserting in lieu thereof the follow-
- ing: "(I) the first \$60 of earned income for individuals who
- are employed at least 40 hours per week, or at least 35
- 16 hours per week and are earning at least \$64 per week, and
- 17 (II) the first \$30 of earned income for other individuals,
- 18 plus in each case, one-third of up to \$300 of additional
- 19 earnings, and one-fifth of such additional earnings in excess
- of \$300, except that in each case reasonable child care ex-
- 21 penses (subject to such limitations as the Secretary may pre-
- <sup>22</sup> scribe in regulations) shall first be deducted before computing
- <sup>23</sup> such individual's earned income; and".
- (B) Except as provided in section 570, clause (A) shall

1	be effective July 1, 1971, except that any State may elect to
2	modify its plan so as to provide for an earlier effective date.
3	(c) The amendments made by this section shall, except
4	as otherwise specified herein, take effect on January 1, 1971.
5	EMERGENCY ASSISTANCE TO NEEDY MIGRANT
6	WORKERS WITH CHILDREN
7	Sec. 330. (a) Section 402(a) of the Social Security
8	Act is amended by striking out "and" at the end of clause
9	(22), and by inserting immediately before the period at the
10	end of clause (23) the following: "; and (24) effective
11	July 1, 1971, provide that emergency assistance to needy
12	families, as defined in section 406(e)(1), be furnished on a
13	Statewide basis to needy migrant workers with children in the
14	State."
15	(b) Section 406(e) of such Act is amended by striking
16	out paragraph (2).
17	(c) Section $403(a)(3)(A)$ of such Act is amended
18	(A) by striking out "or" at the end of clause (ii), (B) by
19	striking out "; plus" at the end of clause (iii) and inserting
20	in lieu thereof ", or", and (C) by inserting after clause (iii)
21	the following:
22	"(iv) emergency assistance to needy fam-
23	ilies, as defined in section 406(e)(1) which is
24	furnished to needy migrant workers with fam-

1	ilies pursuant to section 402(a)(24); plus"
2	(d) Except as provided in section 570, the amendments
3	made by this section shall be effective on July 1, 1971.
4	ADVISORY COUNCILS FOR STATE PROGRAMS OF AID TO
5	FAMILIES WITH DEPENDENT CHILDREN NOT TO BE
6	REQUIRED UNDER REGULATIONS OF THE SECRETARY
7	Sec. 340. Section 1102 of the Social Security Act (as
8	amended by section 550 of this Act) is further amended by
9	adding at the end thereof the following new subsection:
.0	"(c) Nothing contained in subsection (a) or any other
.1	provision of law shall be construed to authorize or permit the
2	Secretary of Health, Education, and Welfare to prescribe
3	any rule or regulation requiring any State, in the operation
4	of a State plan approved under title IV, to establish or pay
.5	the expenses of any advisory council to advise the State with
6	respect to the programs under such title in such State."
7	USE OF SOCIAL SECURITY NUMBERS
8	Sec. 350. (a) Section 2(a) of the Social Security Act
19	(as amended by section 542 of this Act) is further amended
20	(A) by striking out "and" at the end of paragraph (12),
21	(B) by striking out the period at the end of paragraph (13)
22	and inserting in lieu of such period "; and", and (C) by
23	adding after paragraph (13) the following new paragraph:
24	"(14) effective January 1, 1972, provide (A)
25	that, as a condition of eligibility under the plan, each

- 1 applicant for or recipient of assistance shall furnish to
- 2 the State agency his social security account number; and
- 3 (B) that such State agency shall utilize such account
- 4 numbers in the administration of such plan."
- 5 (b) Section 402(a) of such Act (as amended by section
- 6 542 of this Act) is further amended (A) by striking out
- 7 "and" at the end of paragraph (25), and (B) by inserting
- 8 immediately before the period at the end of paragraph (26),
- 9 the following: "; and (27) effective January 1, 1972, pro-
- 10 vide (A) that, as a condition of eligibility under the plan,
- 11 each applicant for or recipient of aid shall furnish to the
- 12 State agency his social security account number; and (B)
- 13 that such State agency shall utilize such account numbers in
- 14 the administration of such plan."
- 15 (c) Section 1002(a) of such Act (as amended by sec-
- 16 tion 542 of this Act) is further amended (A) by striking out
- 17 "and" at the end of paragraph (15), and (B) by inserting
- 18 immediately before the period at the end of paragraph (16)
- 19 the following: "; and (17) effective January 1, 1972, pro-
- 20 vide (A) that, as a condition of eligibility under the plan,
- 21 each applicant for or recipient of aid shall furnish to the
- 22 State agency his social security account number; and (B)
- 23 that such State agency shall utilize such account numbers in
- 24 the administration of such plan."
- 25 (d) Section 1402(a) of such Act (as amended by section

1 542 of this Act) is further amended (A) by striking out 2 "and" at the end of paragraph (13), and (B) by inserting 3 immediately before the period at the end of paragraph (14) 4 the following: "; and (15) effective January 1, 1972, pro-5 vide (A) that, as a condition of eligibility under the plan. 6 each applicant for or recipient of aid shall furnish to the 7 State agency his social security account number; and (B) that 8 such State agency shall utilize such account numbers in the 9 administration of such plan." 10 (e) Section 1602(a) of such Act (as amended by section 11 542 of this Act) is further amended (A) by striking out 12 "and" at the end of paragraph (19), (B) by striking out 13 the period at the end of paragraph (20) and inserting in lieu 14 of such period "; and", and (C) by adding after paragraph (20) the following new paragraph: 15 16 (21) effective January 1, 1972, provide (A) that, 17 as a condition of eligibility under the plan, each appli-18 cant for or recipient of aid shall furnish to the State 19 agency his social security account number; and (B) that 20 such State agency shall utilize such account numbers in 21 the administration of such plan." 22 CERTAIN EFFECTIVE DATES POSTPONED IF STATE 23 LEGISLATURE DOES NOT CONVENE BEFORE 1972 24 Sec. 360. The requirements imposed by sections 520

(b) (14), and 530 of this Act shall not be requirements

1	for the State plan of any State prior to July 1, 1972, if the
2	legislature of such State does not meet in a regular session
3	which commences after December 31, 1970, and which
•4	closes before July 1, 1971.
5	DISREGARDING OF FINANCIAL RESPONSIBILITY OF OTHER
6	PERSONS IN DETERMINING ELIGIBILITY OF BLIND IN-
7	DIVIDUALS FOR AID OR MEDICAL ASSISTANCE
8	Sec. 361. (a) Section 1002(a)(8) of the Social Se-
9	curity Act is amended—
10	(1) by striking out "and" at the end of clause (B);
11	and
12	(2) by inserting immediately before the semicolon
13	at the end thereof the following: ", and (D) shall not
14	take into account the financial responsibility of any other
15	natural person for such individual unless such individual
16	is such person's spouse or such person's child who is
17	under age 21".
18	(b) Section 1602(a) (14) (A) of such Act is amended—
19	(1) by striking out "and" at the end of clause (i);
20	and
21	(2) by inserting after clause (ii) the following:
22	"and (iii) shall not take into account the financial re-
23	sponsibility of any other natural person for such individ-
24	ual unless such individual is such person's spouse or such
25	person's child who is under age 21,".

1	(c) Section 1902(a)(17)(D) of such Act is amended
2	by striking out "or is blind or permanently and totally
3	disabled".
4	(d) The amendments made by the preceding subsections
5	of this section shall take effect on January 1, 1971.
6	TITLE (281) IV—MISCELLANEOUS PROVISIONS
7	MEANING OF TERM "SECRETARY"
8	SEC. (282)301 401. As used in (283)titles I, II, and
9	III of this Act, and in the provisions of the Social Security
10	Act amended by this Act, the term "Secretary," unless the
11	context otherwise requires, means the Secretary of Health,
12	Education, and Welfare.
13	(284) DEDUCTIBILITY OF ILLEGAL MEDICAL REFERRAL
14	PAYMENTS, ETC.
15	SEc. 602. (a) Section 162(c) of the Internal Revenue
16	Code of 1954 (relating to bribes and illegal kickbacks) is
17	amended—
18	(1) by striking out paragraphs (2) and (3) and
19	inserting in lieu thereof the following new paragraph:
20	"(2) OTHER ILLEGAL PAYMENTS.—No deduction
21	shall be allowed under subsection (a) for any payment
22	(other than a payment described in paragraph (1))
23	made, directly or indirectly, to any person, if the pay-
24	ment constitutes an illegal bribe or kickback under any
25	law of the United States, or under any law of a State

1	(but only if such State law is generally enforced), which
2	subjects the payor to a criminal or civil penalty (includ-
3	ing the loss of license or privilege to engage in a trade or
4	business). For purposes of this paragraph, a bribe or
5	kickback includes a payment in consideration of the
6	referral of a client, patient, or customer."; and
7	(2) by striking out "Bribes and Illegal Kick-
8	BACKS." in the heading of such section and inserting in
9	lieu thereof "Illegal Bribes, Kickbacks, Etc.".
10	(b) The amendments made by subsection (a) shall ap-
11	ply with respect to payments made after December 30, 1969.
12	(285) REQUIRED INFORMATION RELATING TO EXCESS MED-
13	ICARE TAX PAYMENTS BY RAILROAD EMPLOYEES
14	SEC. 430. (a) Section 6051(a) of the Internal Revenue
15	Code of 1954 (relating to requirement of receipts for em-
16	ployees) is amended—
17	(1) by striking out "section 3101, 3201, or 3402"
18	in the matter preceding paragraph (1) and inserting in
19	lieu thereof "section 3101 or 3402";
20	(2) by inserting "and" at the end of paragraph
21	(5), and by striking out "; and" at the end of paragraph
22	(6) and inserting in lieu thereof a period; and
23	(3) by striking out paragraphs (7) and (8).
24	(b) Section 6051(c) of such Code (relating to addi-
25	tional requirements) is amended by striking out "sections

1	3101 and 3201" in the second sentence and inserting in lieu
2	thereof "section 3101".
3	(c) Section 6051 of such Code (relating to receipts for
4	employees) is amended by adding at the end thereof the fol-
5	lowing new subsection:
6	"(e) RAILROAD EMPLOYEES.—
7	"(1) Additional requirement.—Every person
8	required to deduct and withhold tax under section 3201
9	from an employee shall include on or with the statement
10	required to be furnished such employee under subsection
11	(a) a notice concerning the provisions of this title with
12	respect to the allowance of a credit or refund of the tax
13	on wages imposed by section 3101(b) and the tax on
14	compensation imposed by section 3201 or 3211 which
15	is treated as a tax on wages imposed by section 3101(b).
16	"(2) Information to be supplied to em-
17	PLOYEES.—Each person required to deduct and withhold
18	tax under section 3201 during any year from an em-
19	ployee who has also received wages during such year
20	subject to the tax imposed by section 3101(b) shall, upon
21	request of such employee, furnish to him a written state-
22	ment showing—
23	"(A) the total amount of compensation with
24	respect to which the tax imposed by section 3201

was deducted,

1	"(B) the total amount deducted as tax under
2	section 3201, and
3	"(C) the portion of the total amount deducted
4	as tax under section 3201 which is for financing the
5	cost of hospital insurance under part $A$ of title
6	XVIII of the Social Security Act."
7	(d) The amendments made by this section shall apply
8	in respect of remuneration paid after December 31, 1969.
9	(286) REPORTING OF MEDICAL PAYMENTS
10	Sec. 404. (a) Subpart B of part III of subchapter A
11	of chapter 61 of the Internal Revenue Code of 1954 (re-
12	lating to information concerning transactions with other
13	persons) is amended by adding at the end thereof the follow-
14	ing new section:
15	"SEC. 6050A. RETURNS REGARDING PAYMENTS TO PRO-
16	VIDERS OF HEALTH CARE SERVICES.
17	"(a) REQUIREMENT OF REPORTING.—
18	"(1) PAYMENTS TO PROVIDERS.—Every person
19	who during any calendar year (beginning with calendar
20	year 1971) makes payments aggregating \$600 or more
21	to a provider of health care services for health care serv-
22	ices furnished by such provider or by another such pro-
23	vider shall make a return according to the forms or
24	regulations prescribed by the Secretary or his delegate
25	setting forth the total amount of such nauments made to

1	such provider during the calendar year, and the name
2	and address of such provider.
3	"(2) PAYMENTS IN REIMBURSEMENT OF CERTAIN
4	AMOUNTS PAID OR PAYABLE TO PROVIDERS UNDER
5	GOVERNMENT PROGRAMS.—Every person who during
6	any calendar year (beginning with calendar year 1972)
7	makes payments to one or more persons in reimburse-
8	ment of amounts aggregating \$600 or more paid or pay-
9	able to a provider of health care services for health care
10	services furnished by such provider or by another such
11	provider under a Government health care program shall
12	make a return according to the forms or regulations pre-
13	scribed by the Secretary or his delegate setting forth the
14	total amount paid or payable to such provider during the
<b>1</b> 5	calendar year with respect to which such reimburse-
<b>1</b> 6	ments were made, and the name and address of such
17	provider.
18	"(b) Exceptions.—
19	"(1) Exempt organizations.—Subsections (a)
20	(1) and (2) shall not apply to any payment to, or
21	amount paid or payable to, an organization—
22	"(A) which is described in section $501(c)(3)$
23	and is exempt from taxation under section 501(a), or
24	"(B) which is an agency or instrumentality of

1	the United States or of any State or political sub-
2	division thereof.
3	"(2) CERTAIN DIRECT PAYMENTS.—Subsection
4	(a) (1) shall not apply to—
5	"(A) any payment by an individual for health
6	care services furnished to himself or any other in-
7	dividual (other than any such payment made in the
8	course of a trade or business), or
9	"(B) any payment of wages (as defined in sec-
.0	tion 3401(a)) with respect to which a statement is
.1	made under section 6051.
2	"(3) PAYMENTS SPECIFIED IN REGULATIONS.—
.3	The Secretary or his delegate may by regulations specify
4	payments to which subsection (a)(1) shall not apply
5	and amounts paid or payable to which subsection (a)(2)
6	shall not apply.
17	"(c) Definitions.—For purposes of this section—
18	"(1) Health care services.—The term 'health
19	care services' means—
20	"(A) services described in paragraphs (1)
21	through (9) of section 1861(s) of the Social Secu-
22	rity Act, or (to the extent not described therein) in
23	paragraphs (1) through (15) of section 1905(a) of
24	$such\ Act,\ and$

1	"(B) such other services (similar or related to
2	the services described in subparagraph (A)) as the
3	Secretary or his delegate may prescribe by
4	regulations.
5	"(2) Providers of Services.—The term 'pro-
6	vider of health care services' means any person who fur-
7	nishes health care services, except any such person whose
8	services are principally the selling or leasing of items of
9	personal property.
10	"(3) GOVERNMENT HEALTH CARE PROGRAMS.—
11	The term 'Government health care program' means any
12	program for providing health care services which is ad-
13	ministered by any department, agency, or instrumen-
14	tality of the Government of the United States or is funded
15	to a substantial extent by the United States, and includes
16	(but is not limited to) the programs provided under—
17	"(A) titles V, XVIII, and XIX of the Social
18	Security Act,
19	"(B) chapter 89 of title 5, United States Code,
20	and the Retired Federal Employees Health Benefits
21	Act,
22	"(C) chapter 55 of title 10, United States
23	Code, and
24	"(D) chapter 17 of title 38, United States
25	Code.

1	"(d) Returns by Government Officers.—Any re-
2	turn required under subsection (a) with respect to pay-
3	ments or reimbursements made by the United States, any
4	State or political subdivision thereof, or any agency or in-
5	strumentality of the foregoing, shall be made by the officers
6	or employees having information as to such payments or
7	reimbursements.
8	"(e) Statements To Be Furnished to Providers
9	WITH RESPECT TO WHOM INFORMATION IS FUR-
0	NISHED.—Every person making a return under subsection
.1	(a) shall furnish to each provider of health care services
2	whose name is set forth in such return a written statement
.3	showing—
l <b>4</b>	"(1) the name and address of the person making
15	such return, and
16	"(2) the total amount of payments described in sub-
17	section (a)(1) made to the provider as shown on such
18	return, and the total amounts paid or payable to the
19	provider with respect to which reimbursements described
20	in subsection (a)(2) were made as shown on such return.
21	The written statement required under the preceding sentence
22	shall be furnished to the provider on or before January 31 of
23	the year following the calendar year for which the return
24	under subsection (a) was made.
25	"(f) RECIPIENT TO FURNISH REQUIRED INFORMA-

1	TION.—Upon demand of a person making payments to, or in
2	reimbursement of amounts paid or payable to, a provider of
3	health care services, there shall be furnished to such person
4	by such provider—
5	"(1) his name and address, and (if different) the
6	address used for purposes of filing his income tax return
7	and
8	"(2) such identifying number as may be prescribed
9	for securing proper identification of such provider.
10	"(g) Retention of Records.—Every person making
11	a return under subsection (a) shall—
12	"(1) retain the records and other documents relat-
13	ing to the payments and reimbursements with respect to
14	which such return is made for such time as the Secretary
15	or his delegate prescribes by regulations, and
16	"(2) make such records and documents available to
17	the Secretary or his delegate whenever in the judgment
18	of the Secretary or his delegate such records and docu-
19	ments are necessary to the determination of the tax im-
20	posed on any person under subtitle A.
21	"(h) STUDY OF PRACTICES IN COLLECTING PAYMENTS
22	FOR HEALTH CARE SERVICES.—
23	"(1) Joint study by secretaries of treasury
24	AND HEALTH, EDUCATION, AND WELFARE.—The Secre-
25	tary and the Secretary of Health, Education, and Wel-
26	fare shall make a joint continuing study of the practices

1	of providers of health care services in collecting payments
2	for health care services (A) from insurance companies
3	which provide health care insurance coverage for indi-
4	viduals and (B) from the individuals for whom such
5	services are furnished.
6	"(2) Reports to congressional committees.—
7	The Secretary and the Secretary of Health, Education,
8	and Welfare shall, on or before June 30 of each year
9	(beginning with 1971), report the results of their study
10	under paragraph (1) to the Committee on Finance of
11	the Senate and the Committee on Ways and Means of the
12	House of Representatives."
13	(b)(1) The table of sections for subpart B of part III
4	of subchapter A of chapter 61 of the Internal Revenue Code
.5	of 1954 is amended by adding at the end thereof the follow-
.6	ing new item:
	"Sec. 6050A. Returns regarding payments to providers of health care services."
17	(2) Section 6041 (a) of such Code (relating to in-
18	formation at source) is amended by striking out "or 6049
19	(a) (1)" and inserting in lieu thereof "6049 (a) (1), or
20	6050A (a)".
21	(3) Section 6652 (a) of such Code (relating to failure
22	to file certain information returns) is amended—
23	(A) by striking out "or" at the end of paragraph

(2);

1	(B) by inserting "or" at the end of paragraph (3);
2	(C) by inserting after paragraph (3) the following
3	new paragraph:
4	"(4) to make a return required by section 6050A
5	(a) (relating to reporting payments made to providers of
6	health care services, etc.) with respect to payments to a
7	provider of health care services and amounts paid or
8	payable to such a provider for which reimbursements
9	were made,"; and
10	(D) by striking out "(2) or (3)" and inserting in
11	lieu thereof "(2), (3), or (4)".
12	(4) Section 6678 of such Code (relating to failure to
13	furnish certain statements) is amended—
14	(A) by inserting "6050A (e)," before "or 6052
15	(b)"; and
16	(B) by inserting "6050A (a)," before "or 6052
17	(a)".
18	(c) Title XI of the Social Security Act is amended by
19	adding after section 1129 (as added by section 546 of this
20	Act) and before section 1151 (as added by section 245 of
21	this Act) the following new section:
22	"RECORDS WITH RESPECT TO MEDICAL AND HEALTH CARE
23	ITEMS AND SERVICES
24	"Sec. 1130. (a) It shall be the duty of the Secretary to
25	compile, keep, and maintain, for each calendar year (be-

1 ginning with the calendar year 1970), such records as may
2 be necessary accurately to indicate—

"(1) the identity (by name, address, medical or health care specialty, and such other identifying criteria as may be appropriate) of each person who, during the calendar year, furnishes medical or health care items or services to any individual, the number of individuals to whom such items or services were furnished by such person during such year, and the items and services furnished to such individuals by such person during such year, if all or any part of the cost or charge attributable to the provision of such items or services is payable under a program established by title XVIII or under any program or project under or established pursuant to this title, title V, or title XIX; and

"(2) with respect to each person referred to in paragraph (1), the aggregate of the amounts of the costs or charges attributable, under each program or project referred to in such paragraph, to medical or health care items or services furnished, during the calendar year, by such person to individuals under such programs and projects (including, in the aggregate amount of costs or charges so attributable, the amounts paid to individuals by reason or on account of the furnishing by such person of such items or services to such individuals).

- 1 "(b)(1) In order to carry out the provisions of sub-
- 2 section (a), the Secretary shall require persons, agencies, or
- 3 agents (including carriers and intermediaries utilized under
- 4 title XVIII and fiscal agents and insurers utilized under any
- 5 program established under or pursuant to title V or XIX)
- 6 administering, or assisting in the administration of, any pro-
- 7 gram or project referred to in subsection (a)(1) to collect,
- 8 and submit to the Secretary at such time or times as the Sec-
- 9 retary may require, such data and information as the Sec-
- 10 retary may deem necessary or appropriate. Such persons,
- 11 agents, carriers, intermediaries, fiscal agents, and insurers
- 12 shall utilize, in supplying the data and information provided
- 13 for in the preceding sentence, the identifying numbers re-
- 14 quired under paragraph (2) as the basic means of identify-
- 15 ing persons referred to in subsection (a)(1).
- 16 "(2) The Secretary shall require, for purposes of iden-
- 17 tifying the persons referred to in subsection (a)(1), the em-
- 18 ployment of the identifying numbers utilized on returns re-
- 19 quired with respect to payments to such persons pursuant to
- 20 section 6050A of the Internal Revenue Code of 1954.
- 21 "(c)(1) The Secretary shall submit to the Committee on
- 22 Finance of the Senate and the Committee on Ways and
- 23 Means of the House of Representatives with respect to each
- 24 calendar year, beginning with the calendar year 1970, a

- 1 report indicating the name, address, and medical or health
- 2 care specialty of each person who, during such year, fur-
- 3 nished medical or health care items or services to individuals
- 4 the costs of or charges for which give rise to payments under
- 5 one or more of the programs or projects referred to in subsec-
- 6 tion (a)(1) of \$25,000 or more. Such report shall indicate
- 7 the amount of payments under each of such programs or
- 8 projects attributable to such items or services furnished dur-
- 9 ing such year by each such person, the number of different
- 10 individuals to whom such items or services were furnished by
- 11 such person during such year, and the items and services fur-
- 12 nished to such individuals by such person during such year.
- 13 "(2) Such report for the calendar year 1970 shall be
- 14 submitted not later than June 30, 1971, and such report for
- 15 each succeeding calendar year shall be submitted not later
- 16 than June 30 of the following calendar year."
- 17 (287) APPOINTMENT AND CONFIRMATION OF ADMINISTRA-
- 18 TOR OF SOCIAL AND REHABILITATION SERVICES
- 19 Sec. 405. Appointments made on or after the date of
- 20 enactment of this Act to the office of the Administrator of the
- 21 Social and Rehabilitation Service, within the Department of
- 22 Health, Education, and Welfare, shall be made by the
- 23 President, by and with the advice and consent of the Senate.

1	(288) ADVISORY COUNCIL ON SOCIAL SECURITY; CHANGE
2	IN REPORTING DATE
3	Sec. 406. So much of section 706(d) of the Social
4	Security Act as precedes paragraph (1) is amended by
5	inserting immediately after "appointed," the following:
6	"(except that the Council appointed in 1969 shall submit
7	its reports to the Secretary not later than March 1, 1971)".
8	(289) Disregarding of social security increases
9	UNDER WELFARE PROGRAMS
10	Sec. 407. (a) Section 1007 of the Social Security
11	Amendments of 1969, as amended by section 2(b) of Public
12	Law 91-306, is amended to read as follows:
13	"Sec. 1007. In addition to the requirements imposed by
14	law as a condition of approval of a State plan to provide
15	aid to individuals under title I, X, XIV, or XVI of the
16	Social Security Act, there is hereby imposed the requirement
17	(and the plan shall be deemed to require) that, in the case
18	of any individual found eligible (as a result of the require-
19	ment imposed by this section or otherwise), for aid for any
20	month after March 1970 and before January 1972 who also
21	receives in such month—
22	"(1) a monthly insurance benefit under title II of
23	such Act, the sum of the aid received by him for such
24	month, plus the monthly insurance benefit received by
25	him in such month, shall not be less than the sum of the

1	aid which would have been received by him for such month
2	under the State plan as in effect for March 1970, plus
3	either
4	"(A) the monthly insurance benefit which was
5	or would have been received by him in March 1970
6	without regard to the other provisions of this title plus
7	\$4, or
8	"(B) the monthly insurance benefit which was
9	or would have been received by him in March 1970
10	under the provisions of this title,
11	whichever is less (whether this requirement is satisfied
12	by disregarding a portion of his monthly insurance
13	benefit or otherwise), or
14	"(2) a monthly payment of annuity or pension
15	under the Railroad Retirement Act of 1937 or the Rail-
16	road Retirement Act of 1935, the sum of the aid received
17	by him in such month, plus the monthly payment of such
18	annuity or pension received by him in such month (not
19	including any part of such annuity or pension which is
20	disregarded under section 1006), shall (except as other-
21	wise provided in the succeeding sentence) not be less
22	than the sum of the aid which would have been received
23	by him for such month under such plan as in effect for
24	March 1970, plus either

"(A) the monthly payment of annuity or pen-

1	sion which was or would have been received by hir
2	in March 1970 without regard to the provisions of
3	any Act enacted after May 30, 1970, and befor
4	December 31, 1970, which provides general increase
5	in the amount of such monthly payment of annuit
6	or pension plus \$4, or
7	"(B) the monthly payment of annuity or pen
8	sion which was or would have been received by hir
9	in March 1970, taking into account the provision
10	of such Act (if any),
11	whichever is less (whether this requirement is satisfied b
12	disregarding a portion of his monthly payment of annuit
13	or pension or otherwise)."
<b>L4</b>	(b) Notwithstanding the provisions of sections 2(a
15	(10), 1002(a)(8), 1402(a)(8), and 1602(a) (13) an
16	(14) of the Social Security Act, each State, in determining
L7	need for aid or assistance under a State plan approved under
18	title I, X, XIV, or XVI, of such Act, shall disregard (and
19	the plan shall be deemed to require the State to disregard)
20	in addition to any other amounts which the State is required
21	or permitted to disregard in determining such need, any
22	amount paid to an individual under title II of such Act (o
23	under the Railroad Retirement Act of 1937 by reason of th
24	first proviso in section 3(e) thereof), in any month after
25	December 1970, to the extent that (1) such payment is at

- 1 tributable to the increase in monthly benefits under the old-
- 2 age, survivors, and disability insurance system for January
- 3 or February 1971 resulting from the enactment of this Act,
- 4 and (2) the amount of such increase is paid separately
- 5 from the rest of the monthly benefit of such individual for
- 6 January or February 1971.
- 7 (c) In addition to the requirements imposed by law as
- 8 a condition of approval of a State plan to provide aid or
- 9 assistance to individuals under title I, X, XIV, or XVI
- 10 of the Social Security Act, there is hereby imposed the re-
- 11 quirement (and the plan shall be deemed to require) that, for
- 12 months after March 1971, and before January 1972, the
- 13 amount of aid or assistance payable to any individual under
- 14 any such plan shall be computed in such manner as the
- 15 Secretary of Health, Education, and Welfare shall by regu-
- 16 lations prescribe to assure that any increase in the amount
- 17 of such aid or assistance which is required by reason of the
- 18 provisions of section 502 of this Act shall be in addition to,
- 19 and not in lieu of, any increase in the amount of such aid
- 20 or assistance which is or would be required by section 1007
- 21 of the Social Security Amendments of 1969, as amended.
- 22 (290) ACCEPTANCE OF MONEY GIFTS MADE UNCONDITION-
- 23 ALLY TO THE SOCIAL SECURITY ADMINISTRATION
- 24 SEC. 408. (a) The second sentence of section 201(a)
- 25 of the Social Security Act is amended by inserting after

- 1 "in addition," and before "such amounts" the following:
- 2 "such gifts and bequests as may be made thereto, and".
- 3 (b) The second sentence of section 201(b) of such
- 4 Act is amended by inserting after "consist of" and before
- <sup>5</sup> "such amounts" the following: "such gifts and bequests as
- 6 may be made thereto, and".
- 7 (c) Section 201 of such Act is further amended by
- 8 adding after subsection (h) the following new subsection:
- 9 "(i)(1) The Managing Trustee of the Federal Old-
- 10 Age and Survivors Insurance Trust Fund, the Federal Dis-
- 11 ability Insurance Trust Fund, the Federal Hospital Insur-
- 12 ance Trust Fund, and the Federal Supplementary Medical
- 13 Insurance Trust Fund is authorized to accept on behalf of
- 14 the United States gifts and bequests made unconditionally
- 15 to such Trust Funds or to the Social Security Administra-
- 16 tion.
- 17 "(2) Any such gift accepted pursuant to the authority
- 18 granted in paragraph (1) of this subsection shall be deposited
- 19 in—
- 20 "(A) the specific trust fund designated by the
- 21 donor, or
- 22 "(B) if the donor has not so designated, to the
- 23 Federal Old-Age and Survivors Insurance Trust
- 24 Fund."
- (d) The second sentence of section 1817(a) of such

- 1 Act is amended by inserting after "consist of" and before
- 2 "such amounts" the following: "such gifts and bequests as
- 3 may be made thereto, and".
- 4 (e) The second sentence of section 1841(a) of such
- 5 Act is amended by inserting after "consist of" and before
- 6 "such amounts" the following: "such gifts and bequests as
- 7 may be made thereto, and".
- 8 (f) The amendments made by this section shall apply
- 9 with respect to gifts received after the date of enactment
- 10 of this Act.
- 11 (g) For the purpose of Federal income, estate, and gift
- 12 taxes, any gift or bequest to the Federal Old-Age and Survi-
- 13 vors Insurance Trust Fund, the Federal Disability Insurance
- 14 Trust Fund, the Federal Hospital Insurance Trust Fund,
- 15 or the Federal Supplementary Medical Insurance Trust
- 16 Fund, or the Social Security Administration, which is
- 17 accepted by the Managing Trustee of such Trust Funds under
- 18 the authority of section 201(i) of the Social Security Act,
- 19 shall be considered as a gift or bequest to or for the use of the
- <sup>20</sup> United States and as made for exclusively public purposes.
- 21 (291)LOANS TO ENABLE CERTAIN FACILITIES TO MEET
- 22 REQUIREMENTS OF LIFE SAFETY CODE
- SEC. 409. (a) It is the purpose of this section to provide
- 24 assistance in the form of loans to hospitals and extended care
- 25 facilities, which are providers of service participating in the

- 1 health insurance program established by title XVIII of the
- 2 Social Security Act, in meeting requirements of the Life
- 3 Safety Code of the National Fire Protection Association.
- 4 (b) The Secretary of Health, Education, and Welfare
- 5 (hereinafter referred to as the "Secretary") is authorized
- for a period of five years commencing January 1, 1971, to
- 7 lend to any hospital or extended care facility described in
- 8 subsection (a) a sum sufficient to enable such hospital or
- 9 extended care facility to install sprinkler systems and such
- 10 as are necessary to meet the requirements of the Life Safety
- 11 Code of the National Fire Protection Association, but only
- 12 if a State planning agency described in section 314(a), sec-
- 13 tion 314(b), or section 604(a) of the Public Health Service
- 14 Act (or such other appropriate planning agency as may be
- 15 designated by the Secretary) determines that the proposed
- 16 expenditure should be made to permit the continued participa-
- 17 tion of such hospital or extended care facility in the program
- 18 established by title XVIII of the Social Security Act, and
- 19 that the proposed investment is not inconsistent with, or in-
- 20 appropriate in terms of area needs for the facility concerned.
- 21 (c) (1) Loans under this section shall be made only
- 22 upon application therefor and shall be made by the Secretary
- 23 in such amounts as the Secretary determines to be appropriate
- <sup>24</sup> to carry out the purposes of this section and protect the
- <sup>25</sup> financial interests of the United States.

1	(2) The rate of interest to be charged for any loan under
2	this section shall be the average of the rates of interest on
3	obligations issued for purchase by the Federal Hospital In-
4	surance Trust Fund as determined at the time such loan is
5	made.
6	(3) Such loans shall be repaid over a period of not to
7	exceed 10 years, in equal periodic installments to be made
8	not less frequently than annually.
9	(4) Such loans shall become due and payable in full at
.0	once if the Secretary determines (A) that the funds in ques-
.1	tion were not used for the purpose specified in the loan
2	application, or (B) that the facility has ceased to make its
.3	services available to a reasonable proportion of persons en-
.4	titled to benefits under title XVIII of the Social Security
5	Act in the area served by such facility and who require
.6	such services.
17	(d) No hospital or extended care facility shall be eligible
18	for a loan under this section unless—
19	(1) it was in operation and participating as a pro-
20	vider of services under title XVIII of the Social Security
21	Act on January 1, 1971,
22	(2) the building in which the sprinkler system is to
23	be installed was constructed prior to January 1, 1971

and

1	(3) the Secretary is satisfied that the applicant is
2	unable to secure such loan from other sources or is unabl
3	to secure such loan from other sources at a reasonabl
4	rate of interest and on reasonable terms and conditions.
5	(e) There are authorized to be appropriated for the
6	fiscal year ending June 30, 1970, and for each of the nex
7	five fiscal years such sums as may be necessary to carry ou
8	this section.
9	(292) RETIREMENT INCOME CREDIT
10	Sec. 410. (a) Section 37(d) of the Internal Revenu
11	Code of 1954 (relating to limitation on retirement income) i
12	amended—
13	(1) by striking out "\$1,524" in the matter preced
14	ing paragraph (1) and inserting in lieu thereo
15	"\$1,872";
16	(2) by striking out "\$1,200" in paragraph (2)
17	(B) and inserting in lieu thereof "\$1,680"; and
18	(3) by striking out "\$1,700" each place it appear
19	in paragraph (2)(B) and inserting in lieu thereo
20	"\$2,880" <b>.</b>
21	(b) Section 37(i) of such Code (relating to special rules
22	for married couples) is amended by striking out "\$2,286"
23	in paragraph (2) (B) and inserting in lieu thereof "\$2,808"
24	(c) The amendments made by this section shall apply to
25	taxable years beginning after December 31, 1970.

1	(293) TAX CREDIT FOR CERTAIN EXPENSES INCURRED IN
2	WORK INCENTIVE PROGRAMS
3	Sec. 612 (a) Subpart A of part IV of subchapter
4	A of chapter 1 of the Internal Revenue Code of 1954 (relat-
5	ing to credits allowable) is amended by renumbering section
6	40 as section 41, and by inserting after section 39 the follow-
7	ing new section:
8	"SEC. 40. EXPENSES OF WORK INCENTIVE PROGRAMS.
9	"(a) GENERAL RULE.—There shall be allowed, as a
10	credit against the tax imposed by this chapter, the amount
11	determined under subpart C of this part.
12	"(b) Regulations.—The Secretary or his delegate
13	shall prescribe such regulations as may be necessary to carry
14	out the purposes of this section and subpart C."
15	(b) Part IV of subchapter A of chapter 1 of such Code
16	(relating to credits against tax) is amended by adding at the
17	end thereof the following new subpart:
18	"Subpart C-Rules for Computing Credit for Expenses of
19	Work Incentive Programs
ī	"Sec. 50. Amount of credit. "Sec. 50A. Definitions; special rules.
20	"SEC. 50. AMOUNT OF CREDIT.
21	"(a) DETERMINATION OF AMOUNT.—
22	"(1) GENERAL RULE.—The amount of the credit
23	allowed by section 40 for the taxable year shall be equal

1	to 20 percent of the work incentive program expenses
2	(as defined in section $50A(a)$ ).
3	"(2) Limitation based on amount of tax.—
4	Notwithstanding paragraph (1), the credit allowed by
5	section 40 for the taxable year shall not exceed—
6	"(A) so much of the liability for the taxable
7	year as does not exceed \$25,000, plus
8	"(B) 50 percent of so much of the liability for
9	tax for the taxable year as exceeds \$25,000.
10	"(3) LIABILITY FOR TAX.—For purposes of para-
11	graph (2), the liability for tax for the taxable year
12	shall be the tax imposed by this chapter for such year,
13	reduced by the sum of the credits allowable under—
14	``(A) section 33 (relating to foreign tax
15	credit),
16	"(B) section 35 (relating to partially tax
17	exempt interest),
18	"(C) section 37 (relating to retirement in-
19	come), and
20	"(D) section 38 (relating to investment in cer-
21	tain depreciable property).
22	For purposes of this paragraph, any tax imposed for the
23	taxable year by section 531 (relating to accumulated
24	earnings tax), section 541 (relating to personal holding
25	company tax), or section 1378 (relating to tax on

- any additional tax imposed for the taxable year by section 1351(d)(1) (relating to recoveries of foreign expropriation losses), shall not be considered tax imposed by this chapter for such year.
  - "(4) MARRIED INDIVIDUALS. In the case of a husband or wife who files a separate return, the amount specified under subparagraphs (A) and (B) of paragraph (2) shall be \$12,500 in lieu of \$25,000. This paragraph shall not apply if the spouse of the taxpayer has no work incentive program expenses for, and no unused credit carryback or carryover to, the taxable year of such spouse which ends within or with the taxpayer's taxable year.
  - "(5) Controlled Groups.—In the case of a controlled group, the \$25,000 amount specified under paragraph (2) shall be reduced for each component member of such group by apportioning \$25,000 among the component members of such group in such manner as the Secretary or his delegate shall by regulations prescribe. For purposes of the preceding sentence, the term 'controlled group' has the meaning assigned to such term by section 1563(a).
- 24 "(b) CARRYBACK AND CARRYOVER OF UNUSED

1	"(1) ALLOWANCE OF CREDIT.—If the amount of
2	the credit determined under subsection (a)(1) for any
3	taxable year exceeds the limitation provided by sub-
4	section (a)(2) for such taxable year (hercinafter in
5	this subsection referred to as 'unused credit year'), such
6	excess shall be—
7	$``(A)\ a\ work\ incentive\ program\ credit\ carry-$
8	back to each of the 3 taxable years preceding the
9	unused credit year, and
10	"(B) a work incentive program credit carry-
11	over to each of the 7 taxable years following the
12	unused credit year,
13	and shall be added to the amount allowable as a credit
14	by section 40 for such years, except that such excess
15	may be a carryback only to a taxable year beginning
16	after December 31, 1970. The entire amount of the
17	unused credit for an unused credit year shall be carried
18	to the earliest of the 10 taxable years to which (by
19	reason of subparagraphs $(A)$ and $(B)$ ) such credit
20	may be carried, and then to each of the other 9 taxable
21	years to the extent that, because of the limitation con-
22	tained in paragraph (2), such unused credit may not
23	be added for a prior taxable year to which such unused
24	credit may be carried.

"(2) Limitation.—The amount of the unused

1	credit which may be added under paragraph (1) for
2	any preceding or succeeding taxable year shall not
3	exceed the amount by which the limitation provided by
4	subsection (a)(2) for such taxable year exceeds the sum
5	of—
6	"(A) the credit allowable under subsection (a)
7	(1) for such taxable year, and
8	"(B) the amounts which, by reason of this
9	subsection, are added to the amount allowable for
10	such taxable year and attributable to taxable years
1	preceding the unused credit year.
2	"(c) EARLY TERMINATION OF EMPLOYMENT BY
13	EMPLOYER, ETC.—
4	"(1) GENERAL RULE.—Under regulations pre-
5	scribed by the Secretary or his delegate—
6	"(A) Work incentive program ex-
7	PENSES.—If the taxpayer terminates the employ-
18	ment of any employee with respect to whom work
19	incentive program expenses are taken into account
19 20 21	incentive program expenses are taken into account
20	incentive program expenses are taken into account under subsection (a) at any time during the first
20 21	incentive program expenses are taken into account under subsection (a) at any time during the first 12 months of such employment (whether or not

the taxpayer, the tax under this chapter for the

1	taxable year in which such employment is termi-
2	nated shall be increased by an amount (determined
3	under such regulations) equal to the credits allowed
4	under section 40 for such taxable year and all prior
5	taxable years attributable to work incentive program
6	expenses paid or incurred with respect to such
7	employee.
8	"(B) CARRYBACKS AND CARRYOVERS AD-
9	JUSTED.—In the case of any termination of employ-
10	ment to which subparagraph (A) applies, the carry-
11	backs and carryovers under subsection (b) shall be
12	properly adjusted.
13	"(2) Subsection not to apply in certain
14	CASES.—
15	"(A) In general.—Paragraph (1) shall not
16	apply to—
17	"(i) a termination of employment of an
18	employee who voluntarily leaves the employ-
19	ment of the taxpayer, or
20	"(ii) a termination of employment of an
21	individual who, before the close of the period
22	referred to in paragraph (1) (A), becomes dis-
23	abled to perform the services of such employment,
24	unless such disability is removed before the close

1	of such period and the taxpayer fails to offer
2	reemployment to such individual.
3	"(B) Change in form of business, etc.—
4	For purposes of paragraph (1), the employment
5	relationship between the taxpayer and an employee
6	shall not be treated as terminated—
7	"(i) by a transaction to which section 381
8	(a) applies, if the employee continues to be
9	employed by the acquiring corporation, or
10	"(ii) by reason of a mere change in the
11	form of conducting the trade or business of the
12	taxpayer, if the employee continues to be em-
13	ployed in such trade or business and the tax-
4	payer retains a substantial interest in such trade
5	or business.
16	"(3) Special rule,—Any increase in tax under
17	paragraph (1) shall not be treated as tax imposed by this
18	chapter for purposes of determining the amount of any
19	$credit\ allowable\ under\ subpart\ A$ .
20	"SEC. 50A. DEFINITIONS; SPECIAL RULES.
21	"(a) Work Incentive Program Expenses.—For
22	purposes of this subpart, the term 'work incentive program
23	expenses' means the wages and salaries of employees who
24	are certified by the Secretary of Labor as having been placed
25	in employment under a work incentive program established

1	under section 432(b)(1) of the Social Security Act which
2	are paid or incurred for services rendered by such em-
3	ployees during the first 12 months of such employment
4	(whether or not consecutive).
5	"(b) Limitations.—
6	"(1) TRADE OR BUSINESS EXPENSES.—No item
7	shall be taken into account under subsection (a) unless
8	such item is allowable as a deduction under section 162
9	(relating to trade or business expenses).
10	"(2) Reimbursed expenses.—No item shall be
11	taken into account under subsection (a) to the exten
12	that the taxpayer is reimbursed for such item.
13	"(3) GEOGRAPHICAL LIMITATION.—No item
14	shall be taken into account under subsection (a) with
15	respect to any expense paid or incurred by the taxpayer
16	for training conducted outside of the territory of the
17	United States.
18	"(4) MAXIMUM PERIOD OF TRAINING OR IN-
19	STRUCTION.—No wages or salary of an employee shall
20	be taken into account under subsection (a) after the
21	end of the 24-month period beginning with the date of
22	initial employment of such employee by the taxpayer.
23	"(5) Ineligible individuals.—No item shall
24	be taken into account under subsection (a) with respect

to an individual who-

1	"(A) bears any of the relationships describe
2	in paragraphs (1) through (8) of section 152(a
3	to the taxpayer, or, if the taxpayer is a corporation
4	to an individual who owns, directly or indirectly
5	more than 50 percent in value of the outstanding
6	stock of the corporation (determined with the appli
7	cation of section $267(c)$ ), or
8	"(B) if the taxpayer is an estate or trust, is
9	grantor, beneficiary, or a fiduciary of the estate of
10	trust, or is an individual who bears any of the rela
11	tionships described in paragraphs (1) through (8,
12	of section 152(a) to a grantor, beneficiary, or fidu
13	ciary of the estate or trust.
14	"(c) Subchapter S Corporations.—In case of an
15	electing small business corporation (as defined in section
16	1371)—
L7	"(1) the work incentive program expenses for each
18	taxable year shall be apportioned pro rata among the
19	persons who are shareholders of such corporation on the
20	last day of such taxable year, and
21	"(2) any person to whom any expenses have been
22	apportioned under paragraph (1) shall be treated (for
23	purposes of this subpart) as the taxpayer with respect to
24	such expenses.

1	"(d) Estates and Trusts.—In the case of an estate
2	or trust—
3	"(1) the work incentive program expenses for any
4	taxable year shall be apportioned between the estate or
5	trust and the beneficiaries on the basis of the income of
6	the estate or trust allocable to each,
7	"(2) any beneficiary to whom any expenses have
8	been apportioned under paragraph (1) shall be treated
9	(for purposes of this subpart) as the taxpayer with
10	respect to such expenses, and
11	"(3) the \$25,000 amount specified under subpara-
12	graphs (A) and (B) of section 50(a)(2) applicable
13	to such estate or trust shall be reduced to an amount
14	which bears the same ratio to \$25,000 as the amount of
<b>1</b> 5	the expenses allocated to the trust under paragraph (1)
16	bears to the entire amount of such expenses.
17	"(e) Limitations With Respect to Certain Per-
18	sons.—In the case of—
19	"(1) an organization to which section 593 applies,
20	"(2) a regulated investment company or a real
21	estate investment trust subject to taxation under sub-
22	chapter M (section 851 and following), and
23	"(3) a cooperative organization described in sec-
24	tion 1381(a),
25	rules similar to the rules provided in section 46(d) shall

- 1 apply under regulations prescribed by the Secretary or his
- 2 delegate.
- 3 "(f) Cross Reference.—

"For application of this subpart to certain acquiring corporations, see section 381(c)(24),"

- 4 (c) (1) The table of subparts for part IV of subchapter
- 5 A of chapter 1 of such Code is amended by adding at the
- 6 end thereof the following:

"Subpart C. Rules for computing credit for expenses of work incentive programs."

- 7 (2) The table of sections of subpart A of part IV of
- 8 subchapter A of chapter 1 of such Code is amended by
- 9 striking out the last item and inserting in lieu thereof the
- 10 following:

"Sec. 40. Expenses of work incentive programs.

- "Sec. 41. Overpayments of tax."
- 11 (3) Section 381(c) of such Code (relating to items
- 12 taken into account in certain corporated acquisitions) is
- 13 amended by adding at the end thereof the following new
- 14 paragraph:
- 15 "(24) CREDIT UNDER SECTION 40 FOR WORK IN-
- 16 CENTIVE PROGRAM EXPENSES.—The acquiring cor-
- 17 poration shall take into account (to the extent proper to
- 18 carry out the purposes of this section and section 40, and
- 19 under such regulations as may be prescribed by the
- 20 Secretary or his delegate) the items required to be taken

1	into account for purposes of section 40 in respect of the
2	distributor or transferor corporation."
3	(d) The amendments made by this section shall apply to
4	taxable years beginning after December 31, 1970.
5	(294) CHANGE IN EXECUTIVE SCHEDULE—COMMISSIONER
6	OF SOCIAL SECURITY
7	Sec. 412. (a) Section 5316 of title 5, United States
8	Code (relating to positions at level V of the Executive Sched-
9	ule), is amended by striking out:
10	"(51) Commissioner of Social Security, Depart-
11	ment of Health, Education, and Welfare.".
12	(b) Section 5315 of title 5, United States Code (relat-
13	ing to positions at level IV of the Executive Schedule), is
4	amended by adding at the end thereof the following:
5	"(94) Commissioner of Social Security, Depart-
6	ment of Health, Education, and Welfare.".
7	(c) The amendments made by the preceding provisions
.8	of this section shall take effect on the first day of the first pay
.9	period of the Commissioner of Social Security, Department
20	of Health, Education, and Welfare, which commences on or
21	after January 1, 1971.
22	(295) PRIVATE PENSION BENEFITS THAT DECREASE BY
23	REASON OF SOCIAL SECURITY INCREASES
4	SEC. 413. (a) Section 404 of the Internal Revenue

Code of 1954 (relating to deduction for contributions of an

- 1 employer to an employee's trust or annuity plan, etc.) is
- 2 amended by adding at the end thereof the following new
- 3 subsection:
- 4 "(g) Pension, etc., Plans Correlated With Old-
- 5 AGE, SURVIVORS, AND DISABILITY INSURANCE BENE-
- 6 Fits.—If contributions are paid by an employer to a stock.
- 7 bonus, pension, profit-sharing or annuity plan designed to
- 8 provide benefits upon retirement, and, the amount of the
- 9 benefit payment or payments to an individual who is en-
- 10 titled to such benefit payment or payments under the plan
- 11 for any period after December 31, 1970, is reduced, in
- 12 whole or in part, by reason of an increase in the amount of
- 13 the monthly insurance benefits which are payable to such
- 14 individual for such period under title II of the Social Security
- 15 Act, then the total amount deductible under this section with
- 16 respect to contributions made by the employer to the plan
- 17 for the taxable year in which occurs the period described in
- 18 this section shall, under regulations of the Secretary or his
- 19 delegate, be reduced by an amount (which shall not be in
- 20 excess of the total of the amount otherwise so deductible)
- 21 equal to the net decrease in payments to all individuals under
- 22 the plan by reason of such increase during such taxable
- 23 *year*."

- 1 (b) The amendment made by this section shall apply
- 2 with respect to taxable years of employers contributing to
- 3 such stock bonus, pension, profit-sharing or annuity plans
- 4 beginning on or after the date of enactment of this Act.

Passed the House of Representatives May 21, 1970.

Attest:

W. PAT JENNINGS,

Clerk.

Passed the Senate with amendments December 29 (legislative day, December 28), 1970.

Attest:

FRANCIS R. VALEO,

Secretary.





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91ST CONGRESS H. R. 17550

## AN ACT

To amend the Social Security Act to provide child health programs with emphasis upon of such programs, and for other purposes. improvements in the operating effectiveness the medicare, medicaid, and maternal and insurance system, to make improvements in under the old-age, survivors, and disability tion methods, and to raise the earnings base increases in benefits, to improve computa-

Ordered to be printed with the amendments of the DECEMBER 29 (legislative day, DECEMBER 28), 1970 IN THE SENATE OF THE UNITED STATES Senate numbered